POLICE PENSION BOARD AGENDA

FEBRUARY 14, 2013 - 1:00 P.M.

CITY HALL CONFERENCE ROOM
15 LOOCKERMAN PLAZA
DOVER, DELAWARE

Public comments are welcomed on any item and will be permitted at appropriate times. When possible, please notify the City Clerk (736-7008 or e-mail at CityClerk@dover.de.us) should you wish to be recognized.

AGENDA ADDITIONS/DELETIONS

1. Adoption of Minutes - Police Pension Board Meeting of November 8, 2012

2. Quarterly Performance Review *(Quarter Ending December 31, 2012) (Milliman, Inc.)*

3. Financial Activity for the Fiscal Year Ending June 30, 2012 and Results of Actuarial Study

4. Adjournment by 1:50 P.M.

TO ASSURE THAT THERE WILL BE A QUORUM,
PLEASE RSVP BY CONTACTING THE CITY CLERK'S OFFICE
BY EMAIL AT CITYCLERK@DOVER.DE.US OR BY CALLING 736-7008
AS SOON AS POSSIBLE.

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THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE. THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE ADDITION OR THE DELETION OF ITEMS, INCLUDING EXECUTIVE SESSIONS.

POLICE PENSION BOARD

The Police Pension Board meeting was held on November 8, 2012 at 1:11 p.m. with Chairman Mullaney presiding. Members present were Mr. Stallings, Mr. Knotts, and Mr. Koenig. Councilmen Bonar and Lynn were absent.

AGENDA ADDITIONS/DELETIONS

By unanimous consent, the agenda was adopted as presented.

Adoption of Minutes - Police Pension Board Meeting of August 15, 2012

Mr. Knotts moved for adoption of the minutes of the Police Pension Board meeting of August 15, 2012, seconded by Mr. Stallings and unanimously carried.

Quarterly Performance Review *(Quarter Ending September 30, 2012) (Milliman, Inc.*)

Mr. Jeff Marzinsky, Principal and Employee Benefits Consultant, Milliman, Inc., reviewed the City of Dover Delaware Police Pension Report dated November 8, 2012. In regard to the Market Commentary, he noted that equity markets were up approximately 30% in the last 12 months and that Milliman's capital market assumptions had predicted equity returns averaging approximately 8%. He advised members that positive economic indicators included a reduction in unemployment and an increase in consumer sentiment; however, concerns remained in the international market regarding austerity planning and debt management in the European Union. He described the current market climate as "cautiously optimistic."

In reviewing the Performance Summary, Mr. Marzinsky stated that as of September 30, 2012, the balance of the Police Pension Fund was approximately $10.9M, as shown on Page 9. He noted that contributions made to the plan were used to rebalance it to target investment allocations from the Investment Policy and that the portfolio was currently meeting the Policy guidelines.

Mr. Marzinsky advised members that the Investment Policy Review - Active Management (Page 10) reflected the performance of plan investments and that highlighted areas indicated underperformance. He noted that the Vanguard Morgan Growth Adm and the Vanguard PRIMECAP Inv funds had positive long-term histories and advocated monitoring these investments for improving performance; however, he suggested that the Dimensional Fund Advisors (DFA) U. S. Targeted Value I and DFA International Value I Funds be replaced with other investments. He noted that funds are ranked over three (3) and five (5) year periods from 0 (the best rank) to 99 (the worst rank) and the DFA International Value Fund I was near the bottom of its category. He explained that a negative number in the Excess Return column indicated that the fund was trailing its index. Mr. Marzinsky stated that the Relative Standard Deviation column provided information regarding the volatility of the fund. He indicated that Alpha and Sharpe were metrics used to determine how well a manager is doing with adding value to the investments. He noted that a lower number is better and a higher number is worse in these areas.

Referring to Page 11, Investment Policy Review - Passive Management, he noted that index investments were following the market as they were designed to do.

Mr. Marzinsky stated that the Investment Option Return Summary (Page 12), contained information regarding the performance of the plan over various time periods. He noted that the Police Pension Plan had a gross return of 1.18% over three (3) months and 2.24% over the year to date. He

explained that returns were slightly different from the policy index due to the timing of contributions to and distributions from the plan. He stated that if the plan were reallocated in accordance with Milliman's recommendations, these numbers should become more closely aligned. He noted that a review would be performed of the historical performance calculations of the former plan investment advisor.

Approval of Amendments to Investment Policy and Changes/Additions to Investment Managers (Milliman, Inc.)

Mr. Marzinsky reviewed suggested changes to the Police Pension Fund Investment Policy and portfolio. Referring to Page 13 of the City of Dover Delaware Police Pension Fund Report dated November 8, 2012, he explained that the Asset Category table showed the asset categories and target allocations within those categories, as approved by members during their meeting of August 15, 2012. He noted that to avoid continually rebalancing the portfolio as equities fluctuate, minimum and maximum thresholds would be set that would allow for slight market fluctuations before rebalancing. He noted that equity investments would be reduced from 65% to approximately 60% of the portfolio, with 40% allocated to fixed income and cash, which would reduce volatility.

Referring to the Dynamic Investment Policy (Page 13), Mr. Marzinsky explained that the funded status of the plan considers the liabilities and assets of the plan. He stated that the plan was approximately 50% funded, which should increase as contributions are made to the plan and assets grow and appreciate. He noted that as the funded status of the plan improves, the equity allocation would decrease and the fixed income allocation would increase. This would "immunize" or de-risk the plan and tie the duration of the plan liabilities to the duration of the assets. He stated that this change in the equity allocation would be made when the plan achieves 70% funded status, according to the recommended Investment Policy Amendment.

Responding to Mr. Mullaney, Mr. Marzinsky confirmed that the 50% funded level statistic was based on the last actuarial valuation performed.

Mrs. Mitchell explained that an actuarial study was currently being prepared and anticipated that results would be presented, along with cash in/cash out statements from the Comprehensive Annual Financial Report (CAFR) that was in progress, at the next meeting of the Police Pension Board.

Mr. Marzinsky noted that tying together the actuarial valuation and funded status was a very important component of managing plan assets.

In response to Mr. Mullaney, Mr. Marzinsky stated that if the dynamic policy were approved by members, reallocation of investments according to the grid on Page 13 would become automatic. However, he reminded members that the 60% to 40% equity/fixed income allocation would be reviewed each year to determine if that ratio makes sense and the allocation might be adjusted according to capital market assumptions.

Mr. Marzinsky reviewed the Fund Changes to Meet Allocation Policy (Page 13), which included a breakdown of existing funds as well as new funds recommended for addition to the plan. He noted the proposed removal of underperforming Dimensional Fund Advisors (DFA) investments and the

addition of asset categories and fund managers that had not been included in the plan previously. He indicated that he had confirmed with Wells Fargo that these invesments were available on their platform.

Responding to Mr. Mullaney, Mrs. Donna Mitchell, Controller/Treasurer, explained that amendments to the investment policies of the Civilian and Police Pension plans were being considered separately. She noted that although these policies were currently consistent, this would not necessarily be the case in the future due to the potentially differing needs of the individual plans.

Mr. Marzinsky stated that the asset allocation of the Police Pension Plan was slightly different from the Employees' Pension Plan since a Liability Asset to Allocation Study revealed that the two (2) plans have different durations. Since the Police Pension Plan has a 13-year duration and the Employees' Pension Plan has an 18-year duration, the Employees' plan had more assets allocated to long-term bonds.

Mr. Marzinsky stated that the suggested changes were incorporated in Amendment 1 to the Investment Policy Statement for the City of Dover Police Pension Board.

Mr. Knotts moved to accept Amendment I to the Investment Policy Statement for the City of Dover Police Pension Board, seconded by Mr. Stallings and unanimously carried.

Mr. Marzinsky explained that the 13-year duration of the plan would shorten because no new members were entering the plan; therefore, Milliman would perform an asset/liability study periodically to ensure that the duration of the investments was matched to the duration of the plan.

Mr. Knotts moved for adjournment, seconded by Mr. Stallings and unanimously carried.

Meeting Adjourned at 1:37 P.M.

Timothy Mullaney
Chair

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Attachment
Attachment #1 - Amendment I to the Investment Policy Statement for the City of Dover Police Pension Board

INVESTMENT POLICY

CITY OF DOVER
POLICE PENSION BOARD

May, 2007

As Amended November 9, 2011
As Amended November 8, 2012

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City of Dover Police Pension Board
Investment Policy Statement
Pension Plan

INTRODUCTION

PURPOSES OF THE STATEMENT

Based upon and in keeping with requirements of City of Dover officials and Police Pension Plan participants serving as members of the Police Pension Board of the City of Dover ("Board") under Section 2-202 of the City of Dover Code of Ordinances, this Investment Policy Statement ("Statement") presents investment objectives, policies, guidelines, and monitoring and review procedures relating to financial assets (the "Fund") of the City of Dover Police Pension Plan ("Plan"). The Statement's purposes are to:

1. Present appropriate goals and objectives relating to investment management of the Fund.

2. Recognize and/or specify diversification and liquidity requirements and identify any legal constraints affecting investment management of the Fund.

3. Promulgate guidelines, consistent with any Board-selected investment time horizon(s), investment management classifications, and/or investment management styles, to which any Board-appointed Investment Manager (IM) shall adhere when determining investment strategies, making periodic investment decisions, and/or undertaking specific investment transactions relating to the Fund.

4. Establish standards and procedures for monitoring, measuring, reviewing, and absolutely and comparatively evaluating IM investment performance, along with similar standards and procedures for assuring conformity with investment policies, goals, objectives, guidelines, and/or constraints.

5. Foster understanding and effective communications between the Board and Staff and any persons appointed, employed, designated or in any way called upon by the Board or Staff to serve the Plan and its participants and/or beneficiaries.

PLAN DESCRIPTION

The Plan is a public employee retirement plan governed by the City of Dover Code of Ordinances as cited within "Purposes of the Statement," above.

PORTFOLIO MANAGEMENT PRECEPTS

The Board endorses contemporary investment practices, based upon the construction of well diversified multi-asset portfolios, which facilitate control of investment risk and afford reasonably predictable long-term investment returns, primarily by IM selection which maintain distinct investment practices or "styles" within any asset class. The monitoring and appropriate investment performance measurement respecting such styles requires relative comparisons

among peers and to chosen (usually index) benchmarks as well as absolute measures respecting the financial progress of the Plan itself.

PRUDENCE IN INVESTMENT

Applicable terms, conditions, limitations and restrictions of applicable law upon Delaware fiduciaries notwithstanding, any IM serving the Fund shall discharge any duties relating to the Fund solely in the interest of Plan participants and beneficiaries, shall demonstrate appropriate knowledge of the Plan's purpose and contemporary operations, and shall diversify the investments of any Fund investment portfolio so as to minimize the risk of substantial loss.

When contemplating any investment, investment strategy or investment program, any IM managing any part of the Fund shall consider all relevant factual and circumstantial information and the impact of such information on a particular investment, strategy, or program, and on the Total Fund.

Further, respecting investment strategies, programs and/or specific investment actions for the Fund, any IM shall also consider:

1. potential losses and gains,

2. the composition of any IM-assigned portfolio, and the Total Fund, with regard to

    a. diversification
    b. liquidity and current return relative to the Fund's cash flow requirements
    c. projected total return relative to the Plan's funding objectives

Guidelines respecting Prudence have been developed in light of investment objectives related solely to the Plan's varied and dynamic obligations to its participants and beneficiaries. Actuarial, economic, investment, and even socio-political events and trends are fluid factors affecting the funding of those obligations. Accordingly, these guidelines respecting Prudence are, as a part of this Statement, intended singularly to present broad and balanced considerations to guide incumbent and successor Board and Staff, and all other parties concerned, seeking appropriate allocation, investment, safekeeping, monitoring and evaluation of the Fund.

RESPONSIBILITIES OF THE BOARD AND STAFF

The Board is charged under Section 18-51 of the City of Dover Code of Ordinances with overall responsibility for investment of the Fund. To assist the Board in this function, it is authorized and permitted by said Ordinances to appoint an IM or IM(s), including for this purpose banks, insurance companies, and firms registered under the Investment Advisers Act of 1940 and/or Delaware State law, to manage (including the power to acquire and dispose of) Plan assets. Any appointed IM must agree to conduct itself in accordance with all applicable City of Dover Ordinances.

The Board must also develop prudent management policies and guidelines intended to assure that the Plan will fulfill its objectives. Policies and guidelines are inclusive of, but not restricted to:

1. Establishment of investment objectives, investment policy, investment guidelines, and monitoring and review procedures.

2. Establishment of standards for measuring, monitoring, evaluating and comparing absolute and relative investment performance to assure that investment returns are reviewed on a regular basis and investment return objectives are met during acceptable periods of time.

3. Establishment of authorization, reporting, control, review and general governance procedures to assure that investment policies and guidelines are reviewed on a regular basis and conformed to at all times. All modifications of policies and/or guidelines shall be in writing, signed by all Board members, and delivered on a timely basis to any IM and/or Custodian affected by such changes.

4. Establishment of, through contractual relationships with recognized and carefully selected professional organizations, or by alternative means satisfactory to the Board, a retirement plan management structure which will assure appropriate investment management, custody, and surveillance or compliance procedures to meet investment objectives in conformity with the Board's stated investment policies and guidelines.

The Board shall examine this Statement from time to time and make appropriate revisions. At least annually the Board shall review the Statement entire and communicate any material changes to any persons affected by them.

RESPONSIBILITIES OF THE INVESTMENT MANAGER(S)

Fund management and responsibilities for investment decisions are delegated to any appointed IM. Any IM shall exercise complete discretion within the clear limits established by this Statement. Accordingly, the Board requires adherence to Delaware or other pertinent laws as now apply, or may apply in the future, with particular attention to the standards established by applicable rules of law.

Fiduciary insurance, and officer liability and omissions and errors insurance coverages, of any IM, must meet standards set by the Board from time to time.

If at any time a manager believes that this Investment Policy Statement inhibits its investment performance, it is the manager’s responsibility to communicate this view to the Pension Board. In addition, the manager will promptly (within 30 days) notify the Pension Board, in writing, regarding all material or significant matters that change pertaining to the investments of the retirement fund assets, including but not limited to:

- changes in investment strategy portfolio structure, tactical approaches and market value of managed assets;
- changes in ownership organizational structure, financial condition, and/or professional staff of the investment firm; and
- all material legal, SEC and other regulatory proceedings affecting the firm.

RESPONSIBILITIES OF THE PLAN CUSTODIAN(S)

Any Custodian appointed by the Board shall be responsible for safekeeping of the Fund, including all security transaction settlements and deliveries, and for comprehensive recordkeeping and reporting, which shall include any custom recordkeeping, record retention, or reporting reasonably required by the Board or Staff.

Safety and continuity of operations shall be the primary objectives of any Custodian. Timely, accurate, and complete recordkeeping and reporting, arising from superior state-of-the-art information systems and committed staff, shall be the primary benchmarks for month-to-month evaluation of Custodian performance.

Fund safekeeping and securities settlement procedures shall include direct Custodian participation in one or more appropriate securities depositories (e.g., Depository Trust Company, New York) and, as necessary, correspondent participation in other major depositories (e.g., the Federal Reserve System). The Plan's beneficial ownership of all assets shall be inviolate and in all circumstances perfected. Board or designated IM authority to direct all investment transactions shall similarly be protected.

Ready access to information by the Board and Staff shall be a prime requisite of recordkeeping and reporting services, with no bar as to frequency of access, nor any delay greater than one day acceptable. Transaction records shall be maintained on a trade date basis and shall remain immediately available for at least two years. Nationally accepted asset pricing should be daily and reported not less often than monthly, and "non-trade" transaction records (e.g., stock splits, etc.) should be both available immediately and properly carried into monthly transaction and asset value reports.

Fiduciary insurance, and officer liability and omissions and errors insurance coverages, of any Custodian, must meet standards set by the Board from time to time.

INVESTMENT OBJECTIVES

Investment Objectives for the Plan represent anticipated results and are long-term in nature. Given the Board assumptions respecting current and projected Plan and capital market conditions, the following Objectives have been delineated:

1. All Plan fiduciaries shall discharge their responsibilities and the Fund shall be invested in a manner consistent with [relevant law] and generally accepted fiduciary standards. Further: (1) all transactions undertaken on behalf of the Plan shall be solely in the interest of Plan participants and beneficiaries, and (2) with reference to Prudence in Investment, set forth earlier in this Statement, safeguards and diversification to which a prudent investor familiar with and managing the Fund of this Plan under known or foreseeable circumstances would adhere, and liquidity and current return consistent with rationally anticipated cash flow requirements of the Fund, shall be governing factors in all investment considerations.

2. Consideration shall be given to suitable long-term investment intended to provide Fund capital and income growth which may be utilized to increase future benefits and thus maintain the purchasing power of Plan participants and their beneficiaries; the Board anticipates that such capital and income growth will be achieved during each economic and/or securities market cycle and/or within its selected three-to-five (3-5) year investment time horizon.

3. Consideration shall also be given, granting conformity with the objectives of 2., above, to providing adequate and timely cash flows to meet anticipated Plan benefit payments, with sufficient reserves to meet relatively smaller flows for unanticipated benefit payments; adequate emphasis, consistent with the foregoing, shall be placed upon current investment return; any Fund IM should expect to receive periodic projections of Fund liquidity requirements but, in the absence of such projections, shall be responsible for seeking necessary information from the Board or any party designated by the Board for this purpose.

4. While professional managers may strive to record positive rates of investment return during all measurement periods, securities markets are unlikely to provide a consistently favorable climate, on a shorter-term basis, for longer-term investments. Therefore, considering usual multi-year economic and/or investment cycles, and the three-to-five (3-5) year investment time horizon selected by the Board, requisite but not exclusive comparative or benchmark measures of investment return, and of risk or volatility, are delineated as follows:

    a. Commensurate with preserving participant and beneficiary purchasing power through the Plan, it is desired to achieve a positive real (post-inflation) rate of return during any multi-year period and over the life of the Plan. Based upon current and projected Plan and capital market conditions, and the extensive historical records provided by such sources as Ibbotson-Sinquefeld, the Board has set returns meeting or exceeding the Plan’s actuarial interest rate assumption at any time, annualized, as a gross multi-year return target. Concurrently, 3.5 percentage points above the CPI, or an annualized 3.5 percent real rate of return, is anticipated for the Total Fund.

    b. Consistent with anticipated real returns (above) and separate asset class returns (below), annualized Total Fund investment performance, for periods of three-to-five (3-5) years or more, is expected to meet or exceed the Plan's assumed actuarial rate and to

meet or exceed the annualized investment performance of a "policy index" comprised of a weighted average of relevant asset-class indexes matched with policy or "target" asset allocations in effect on average for the Fund during the period considered.

c. Consistent with b., above, the Total Fund's investment return volatility, as measured by the standard deviation of quarterly investment returns, is not expected to exceed the volatility of the policy index during any three-to-five (3-5) year measurement period.

d. Also consistent with b., above, Total Fund domestic equity investment returns are expected to meet or exceed similar annualized returns of the Russell 3000 Stock Index during periods of three-to-five (3-5) years or more; equity investment returns of any specific IM, annualized, are expected to meet or exceed returns of any index or benchmark cited in writing by the Board as appropriate to the investment process or "style" of any specific IM.

e. Also consistent with b., above, Total Fund domestic fixed income investment returns, annualized, are expected to meet or exceed similar returns of the Lehman Brothers Intermediate Government/Credit Bond Index during periods of three-to-five (3-5) years or more; as in d., above, any index or benchmark may be chosen by the Board as appropriate to the investment process, "style", or time-horizon of any specific IM.

f. All investment performance data submitted to the Board or its designees directly or indirectly by or on behalf of any IM shall as applicable be submitted in conformity with the North American Performance Presentation Standards and/or Global Investment Performance Standards promulgated by the Association for Investment Management and Research.

5. Investment performance objectives of the Fund are, as stated initially under Investment Objectives, above, long-term in nature. Concern respecting market value or Fund investment return volatility and other measures reflecting investment uncertainty will be addressed in part by functional constraints imposed by the Board through asset (class) allocations, investment management processes or "styles" chosen, portfolio diversification requirements, and other investment management guidelines and/or limitations.

INVESTMENT POLICY

Investment Policy delineates controls and the associated monitoring intended to enhance the likelihood of meeting Investment Objectives during acceptable periods of time.

ASSET ALLOCATION

Asset class allocation, resulting in so-called asset mix or investment ratios, is intended to afford an optimum approach toward Investment Objectives while limiting investment risk by assuring basic diversification. The variable percentages of asset classes delineated below provide a framework through which the Fund investments may be adjusted to meet economic and/or investment market conditions while remaining centered on the allocation target deemed most appropriate to the Fund's long-term Investment Objectives.

Asset Class	**Minimum %**	**Target %**	**Maximum%**	**Benchmark**
Equities	60	65	70	
Domestic	44	49	54	Russell 3000
International	11	16	21	MSCI EAFE (net)
Fixed Income	30	35	40	
Bonds	28	33	38	Barclays Intermediate Gov't/Credit
Cash	0	2	5	ML 90 Day T-Bill

ALLOCATION MONITORING/REBALANCING

The Board shall review asset allocation quarterly to monitor Total Fund allocation targets. In the event that asset allocations because of cash flows or market value changes fall moderately outside the ranges in the tables above, any appointed Custodian may be notified and instructed by the Board to adjust contribution cash flows to any specific IM and thus return the Total Fund to appropriate asset allocation levels. Should an allowable range be breached substantially, i.e., by ten (10) percent of per-portfolio per-IM assets or five (5) percent of Total Fund Assets, any IM involved may be required by the Board to adjust assets immediately. The Board may set asset allocation ranges for any specific IM different from ranges for the Total Fund.

LIQUIDITY

Emphasis shall, per Investment Objectives, 3., above, be placed on providing adequate and timely Fund cash flow to permit benefit payments from the Plan when due. The Board endeavors to meet all of the Plan’s multiple objectives through asset allocation and constructive Investment Guidelines. Nevertheless, any IM appointed by the Board shall be responsible for seeking from the Board or its designee(s) current information respecting cash flow requirements and for assisting in meeting said requirements.

PROXY VOTING

While matters of public interest as well as corporate governance have long been a part of publicly owned corporations' Annual Meetings and proxy voting activity in the United States, the Board continues to believe that the Fund's proxy voting must be based upon the long-term economic value of the securities represented in each case and thus solely in the interests of Plan participants and their beneficiaries.

The Board delegates timely and complete proxy voting to any IM to assure that the interests cited immediately above have been met. Delegation as stated precludes Board interference with or exercise of proxy voting, but does not preclude any IM request for and independent consideration of Board views officially determined and expressed.

DIVERSIFICATION

Total Fund investments must be diversified broadly to minimize the risk of substantial losses. The Board recognizes that significant diversification is accomplished through asset allocation and the selection of investment management organizations. Nevertheless, the Investment Guidelines provided herewith include certain provisions intended to optimize investment diversification.

MUTUAL & OTHER COMMINGLED FUNDS

Given the nature of mutual and other commingled funds, it is recognized that there may be deviations between this Investment Policy Statement and the objectives of the mutual and other commingled fund(s). However, every effort shall be made to the extent practical or prudent and appropriate to select mutual and other commingled funds that have investment objectives and policies that are consistent with this Investment Policy.

INVESTMENT GUIDELINES

Investment Guidelines describe for any IM and for the information of any Custodian or interested person a wide range of permissible investment activities and choices while also delineating, specifically or by broader proscription, those which are not permissible.

GENERAL GUIDELINES

Subject to the asset allocation ranges set forth as a table within Investment Policy, above, or separate asset allocation ranges assigned specifically to any IM by the Board, any IM is expected to undertake flexible discretionary management of Fund assets. Nevertheless, when responsible for any investment portfolio, any IM shall report immediately to the Board or its designee(s) any shift between or change in market value of asset classes which equals or exceeds ten (10) percent of the market value of the assets assigned to the specific IM. For the purpose described herein, cash and money market or cash equivalent securities shall be considered an asset class.

The Board has determined that certain investment practices, as well as certain types of investments, are not suitable for the Fund irrespective of circumstances:

1. Buying or (short) selling securities on margin, and/or the use of any other form of leverage, excepting the lending of securities if approved in writing by the Board.

2. Privately placed or otherwise unregistered securities excepting fixed income securities, issued under SEC Rule 144(a), which are demonstrably marketable and otherwise within guidelines.

3. Investment in commodities or in any type of commodities contracts, forward or futures trading activities, and all forms of portfolio hedging, excepting the limited use of stock options and/or currency hedges; (See Domestic Equity and International Equity Investment Guidelines, below.)

4. Fixed income investments may not include deep discount or zero coupon (excepting U.S. Treasury) securities, tax exempt, indirectly asset backed or spread-dependent, and stripped or otherwise derivative or synthetic securities. Certain exceptions are delineated below.

DOMESTIC EQUITY INVESTMENT GUIDELINES

The Board shall review the Fund at least quarterly to assure that the domestic equity limit of 54 percent of Fund market value is not exceeded; as necessary, any Custodian will be instructed to redirect cash flows to or from any IM or to accommodate immediate Board-directed IM asset allocation revision to restore the Asset Allocation currently approved by the Board.

Permissible equity investments shall include convertible securities, which shall be limited to ten (10) percent of Fund assets at market value, as well as American Depositary Receipts (ADRs), equally limited.

Any IM retained for this mandate shall conform to the Domestic Equity Investment Guidelines set forth above and below. Any departure from the Guidelines must be submitted in writing to the Board for prior approval, as must any change in the "style" or investment philosophy, process, or practices approved by the Board at the time any IM was retained to serve the Fund.

Specific Guidelines, Domestic Equity

1. Full discretion, consistent with the Investment Objectives, Policies, and Guidelines set forth in this Statement, is granted to each IM retained to manage domestic equity securities.

2. Each IM retained for this mandate shall select domestic equity investments in conformity with criteria normally applied in its decision making process and previously reviewed and approved by the Board.

3. No IM shall invest on a market value basis more than five (5) percent of the domestic equity portion of any portfolio in the equity security(ies) of a single corporation or group of directly affiliated corporations, nor maintain an investment of more than eight (8) percent similarly calculated.

4. No IM may make or maintain an investment equaling or exceeding four and nine-tenths (4.9) percent ownership of the outstanding domestic equity security(ies) of a single corporation, or group of directly affiliated corporations, without the written consent of the Board.

5. Each IM is expected to purchase marketable domestic equity securities listed on national securities exchanges or actively traded within the national NASDAQ framework; domestic U.S. equity securities, purchased outside the channels cited, or purchased without regard to necessary market liquidity as demonstrated through weekly trading statistics, place upon any IM a special burden respecting Board tolerance of unacceptable risk and/or losses which might ensue.

6. As an exception to the general prohibition against so-called alternative investment instruments, stock options may be utilized by each IM managing domestic U.S. equity securities in "covered" or hedging postures but not in "naked" or speculative postures.

7. Again the total annualized investment return of all domestic U.S. equity investments of the Fund is expected to meet or exceed the total annualized return of the Russell 3000 Stock Index for cumulative periods of three-to-five (3-5) years or more.

8. Any IM serving as an active domestic U.S. equity manager will be assigned an index or other type of benchmark deemed suitable for it and agreed upon with the Board; as a general expectation any IM should exceed its assigned benchmark, post fees, on annualized bases during periods of three-to-five (3-5) years or more.

INTERNATIONAL EQUITY INVESTMENT GUIDELINES

The Board/Trustees shall review the Fund at least quarterly to assure that the International Equity limit of 21 percent of Fund market value is not exceeded; as necessary, the Custodian(s) will be instructed to redirect cash flows to the DA(s) or to accommodate immediate Board-directed DA(s)' asset allocation revisions to restore the asset allocation currently approved by the Board/Trustees. Stated percentages may include foreign equity securities admitted to trading on U.S. Stock Exchanges or NASDAQ; American Depositary Receipts (ADRs) shall be designated as domestic equities.

Specific Guidelines, International Equity

1. Investment in International Equity is permissible up to the maximum stated in asset allocation (page 7). Each IM retained as an International Equity Manager must receive specific Board authorization to invest in International Equity. Investing in emerging market equity securities is permissible subject to a maximum of fifteen (15) percent of any international equity portfolio at market value. Appropriate regional, national, industry and individual security diversification must be maintained at all times.

2. Any IM retained for this mandate is expected to select International Equity investments in conformity with criteria normally applied in its decision making process and previously reviewed and approved by the Board.

3. No IM shall invest more than five (5) percent of the equity portion of any International Equity portfolio in the equity security(ies) of a single corporation or group of directly affiliated corporations; no IM may maintain an investment equaling or exceeding eight (8) percent ownership in the equity security(ies) of any corporation, or group of directly affiliated corporations, without the written consent of the Board, nor may any International

Equity IM exceed four (4) percent ownership of the outstanding equity of any company or group of affiliated companies.

4. Any IM retained for this mandate shall purchase marketable foreign stocks traded on regulated foreign or U.S. stock exchanges for which trading activity is published on a daily basis and for which any IM can demonstrate necessary liquidity as well as acceptable investment quality standards.

5. The annualized total investment return from any portfolio of International Equity investments of the Fund is expected to meet or exceed after fees the annualized total return of an appropriate benchmark, to be agreed upon by any IM and the Board, for periods of three-to-five (3-5) years or more. In the absence of another selected benchmark, the Morgan Stanley C.I. "EAFE" Index shall serve as benchmark.

6. Because an active currency hedging strategy may reduce risk of loss and/or enhance IM International Equity investment performance, hedging to protect against currency impact upon a security position may be in the best interest of the Fund. Nevertheless, the purchase of speculative or "naked" currency contracts (i.e., "currency trading" or related risk taking undertaken without a demonstrable exposed investment position to be hedged in a specific currency) is prohibited.

DOMESTIC FIXED INCOME INVESTMENT GUIDELINES

The Board shall review the Fund portfolio at least quarterly to assure that the domestic fixed income securities market value limit of 40 percent is not exceeded. As necessary, any Custodian will be instructed by the Board to redirect investment and/or contribution cash flows to or from any IM or to accommodate immediate Board-ordered portfolio revisions to restore the asset allocation currently approved.

Any IM retained for this mandate shall conform to the Domestic Fixed Income Investment Guidelines set forth above and below. Any departure from the Guidelines must be submitted in writing to the Board for prior approval, as must any change in the "style" or investment philosophy, process, or practices approved by the Board at the time any IM was retained to manage domestic fixed income securities of the Fund.

Specific Guidelines, Domestic Intermediate Term Fixed Income

1. Full discretion, consistent with the Investment Objectives, Policies, and Guidelines set forth in this Statement, is granted to each IM retained to manage domestic intermediate term fixed income securities.

2. Any IM retained for this mandate is expected to select domestic intermediate term fixed income investments in conformity with the criteria normally applied in its decision making process and previously reviewed and approved by the Board.

3. Suitable domestic intermediate term fixed income investments include, but are not limited to, U.S. Treasury and Agency securities, marketable debt securities of U.S. corporations, U.S. certificates of deposit and bankers' acceptances, and commercial paper or other

generally utilized money market or cash equivalent investments, including money market mutual funds meeting the quality standards delineated below.

4. Foreign fixed income securities, if rated Baa or above, including Canadian securities, denominated in U.S. dollars (i.e., foreign "Yankee" and Canadian U.S. pay securities) may be purchased to a limit of the applicable fixed income manager's benchmark plus 5% at market value of any domestic intermediate term fixed income securities portfolio.

5. Permissible private placement (Rule 144a) securities, per General Guidelines, 2., p. 9 above, shall not exceed twenty (20) percent of the market value of any domestic intermediate term fixed income portfolio. Fixed income investments may not otherwise include unregistered, deep discount or zero coupon securities (excepting U.S. Treasury, see 12., p. 13, below), tax exempt, indirectly asset backed, spread-dependent, stripped, or otherwise derivative or synthetic securities. (See also 14., p. 14, below).

6. At no time shall margin or other leveraged transactions, short sales, forward or futures trading, or any form of portfolio hedging be employed in the management of domestic intermediate term fixed income investments.

7. The total annualized investment return of all domestic fixed income investments of the Fund is expected to meet or exceed the total annualized return of the Lehman Intermediate Government/Credit Index.

8. The average quality of domestic intermediate term fixed income securities purchased by any IM shall equal or exceed A, the third broad investment grade as determined by any nationally recognized and regulated general or specialty debt/credit rating agency (e.g., including but not limited to Moody's, Standard & Poor's, Fitch, Duff & Phelps, Thompson's Bank Watch). If commercial paper is purchased the single acceptable quality shall be A1 or P1 or "Prime," with no second level considered.

9. The minimum quality of any single fixed income investment shall be investment grade, as defined by two out of three of the following rating agencies; Moody's, Standard and Poors, or Fitch. If an investment is made in commercial paper, the single standard shall be A1 or P1 or "Prime."

10. The average effective duration of domestic fixed income securities, said average including any investments considered to be reserve or cash equivalent assets specific to any fixed income portfolio, shall never be more than twelve (12) months greater or less than the most recently published average or effective duration of the fixed income policy benchmark.

11. There shall be no limit upon investment in U.S. Treasury securities as a percentage of domestic intermediate term fixed income investments at cost or market value, except that any single coupon issue thereof may constitute at purchase more than thirty (30) percent of domestic intermediate term fixed income portfolio at market value, nor any single Treasury zero coupon issue ten (10) percent at market value, with a per-portfolio collective limit for Treasury or Agency zero coupon securities of thirty (30) percent at market value and an eight (8) year effective duration limit for any zero coupon security. Federal Agency securities are hereby limited to forty (40) percent of any domestic intermediate term fixed income investment portfolio at market value, with a per-issue limit of ten (10) percent at

market value, excepting zero coupon Agency securities which shall be limited to five (5) percent per-issue at market value. Sharply lower limits are set for other types of securities. Without prior written Board approval, excepting Treasury and Agency securities:

a. any single security issue shall not constitute more than five (5) percent,
b. securities of any single issuer or of directly affiliated issuers shall not constitute more than seven (7) percent,
c. securities of a recognized industry (e.g., steel, auto, aluminum, banking), or
d. securities of a single broad issuer type (e.g., utility, finance, industrial), or
e. of one structural or transaction type (e.g., mortgage-backed, asset-backed),
f. shall not constitute more than twenty (20) percent of any domestic intermediate term fixed income securities portfolio at market value. Permissible Rule 144a securities shall also be limited to twenty (20) percent at market value.

12. Any domestic fixed income security purchased in compliance with the quality, maturity, and/or diversification standards cited in 3., through 12., above, but no longer meeting a specific, per-security Investment Guideline standard, and/or by marginal effect causing non-compliance (e.g., occasioning fixed income portfolio decline to sub-standard average quality), may in lieu of immediate depressed or inappropriate sale be reported to the Board, with background information and an intended future course of action, by any IM. The Board may upon review approve temporary or indefinite retention or, in the Board's best judgment, order disposition of the security and a return to full compliance with the Investment Guidelines. Securities retained under such circumstances shall constitute no more than five (5) percent of the market value of domestic intermediate term fixed income securities (5% "basket clause").

13. AAA-rated asset-backed securities and AAA-rated agency and private label mortgage-backed securities, including collateralized mortgage obligations limited to five (5) percent per-issue and ten (10) percent of the market value of any domestic intermediate term fixed income portfolio at the time of purchase, are suitable fixed income investments, provided said obligations afford no features which would increase volatility beyond that of the underlying collateral. (E.g., C.M.O. "floaters" indexed to the London Interbank Offering Rate or LIBOR would not be suitable investments.)

REVIEW PROCEDURES

All Investment Policies, Objectives and Guidelines contained in this Statement shall be reviewed by the Board annually, or whenever circumstances change to the extent that earlier representations are ineffective or inappropriate. All concerned parties shall be notified in writing of any changes and/or additions.

1. Investment performance shall be reviewed quarterly.

2. Total Fund, asset class (e.g., domestic equity, international equity, domestic fixed income), and asset sub-class and/or "style" returns, shall be compared to universes of returns of comparable professionally managed tax-exempt balanced, equity and fixed income portfolios or collective or mutual funds as well as to benchmark indices or index composites.

3. It is expected that the investment performance of an IM will rank above any agreed upon universe median or index over periods of three-to-five (3-5) years and will meet or exceed the Investment Objectives identified in this Statement.

4. The Board reserves the right to terminate a relationship with any IM at any time, subject to the terms of any investment advisory agreement, if the Board determines that said action is warranted. In addition, the Board reserves the right to remove assets, in part, at any time provided that any contracted asset and/or fee minimum of any IM is met or a change is negotiated.

5. Any IM shall provide statements of assets under management to the Board quarterly, and shall also comply with reasonable additional information requests from the Board, including details of any/all securities transactions and/or "soft dollar" payments if said payments are made at official Board request and/or arise from transactions involving the Fund.

6. Any IM shall meet at least annually, if requested by the Board, to review the Total Fund and any respective portfolio(s) and to discuss investment results in the context of all of the goals, Objectives, Policies and Guidelines set forth in this Statement.

SIGNATURES

The effective date of this Investment Policy Statement, adopted by the City of Dover Police Pension Board, is November 9, 2011.

Chairperson

City of Dover – Controller/Treasurer

AMENDMENT 1

The following amendment to the investment policy has been reviewed and approved by the Board:

I. Allocation of Plan Assets -The plan will utilize a dynamic policy linked to funded status of the plan. As funded status improves to the next threshold, the allocation of the plan will be adjusted to the specified allocation. Within each threshold, there will be a range of+/- 5% to the target to allow for modest market fluctuations before rebalancing of the portfolio. The portfolio will be reviewed at least quarterly and adjusted as necessary to maintain alignment with the target allocations

Dynamic Investment Policy	Funded Status						
Asset Category	40%	70%	80%	85%	90%	95%	100%
Cash & Short Term Bond	7%	7%	5%	5%	5%	5%	5%
US Treasuries/Inflation-linked	2%	2%	4%	5%	7%	10%	13%
Intermediate Term Bond	14%	15%	16%	18%	18%	21%	23%
Long Term Bond	17%	19%	20%	23%	26%	30%	34%
Large Cap Value –US Stock	10%	10%	9%	8%	8%	7%	4%
Large Cap Growth –US Stock	10%	9%	9%	8%	7%	5%	4%
Mid Cap –US Stock	5%	5%	5%	5%	5%	4%	3%
Small Cap-US Stock	5%	5%	5%	4%	4%	3%	3%
Real Estate/REIT	5%	5%	5%	4%	4%	3%	3%
Non-US Stock	10%	9%	9%	8%	7%	5%	3%
Emerging Markets	15%	14%	13%	12%	10%	7%	5%

Equity	60%	57%	55%	49%	45%	34%	25%
Fixed Income/Cash	40%	43%	45%	51%	56%	66%	75%
Total	100%	100%	100%	100%	101%	100%	100%

II. Performance Monitoring Benchmarks – The plan will utilize asset category specific benchmarks to monitor investment manager performance. In addition, overall portfolio performance will be benchmarked to a normal portfolio composed of category indexes allocated based on the Dynamic Investment Policy funded status position.

Asset Category	Index
Cash & Money Market	CitiGroup 3 Month TBill
Short-term Bond	BofA Merrill Lynch 1-3 Yr Corp
Intermediate-term Bond	BarCap Interm US Govt/Credit
Long-term Bond	BarCap Long GovtCredit Index
Large Cap Value	S&P/Citi 500Value
Large Cap Blend	S&P 500 Index
Large Cap Growth	S&P/Citi 500 Growth
Mid Cap Value	S&P/Citi Mid-Cap 400 Value
Mid Cap	S&P 400 Mid Cap
Mid Cap Growth	S&P/Citi Mid-Cap 400 Growth
Small Cap Value	S&P/Citi Small Cap 600 Value
Small Cap	S&P 600 Small Cap
Small Cap Growth	S&P/Citi Small Cap 600 Growth
MSCI ACWI xUS NR	MSCI EAFE
S&P EPACEMI	MSCI EAFE Small Cap
MSCIEM NR	MSCI EM (Emerging Markets)
REIT/Real Estate	FTSE NAREIT Equity REIT

AMENDMENT I

TO THE
INVESTMENT POLICY STATEMENT FOR
CITY OF DOVER POLICE PENSION BOARD

III. Approval by the Board – To indicate approval of this amendment to the Investment Policy Statement, the appropriate designated Board member shall sign below.

This Amendment to the Statement of Investment Policy approved by action of the Board.

Date: 11/8/12 Approved by: _____
Chairman

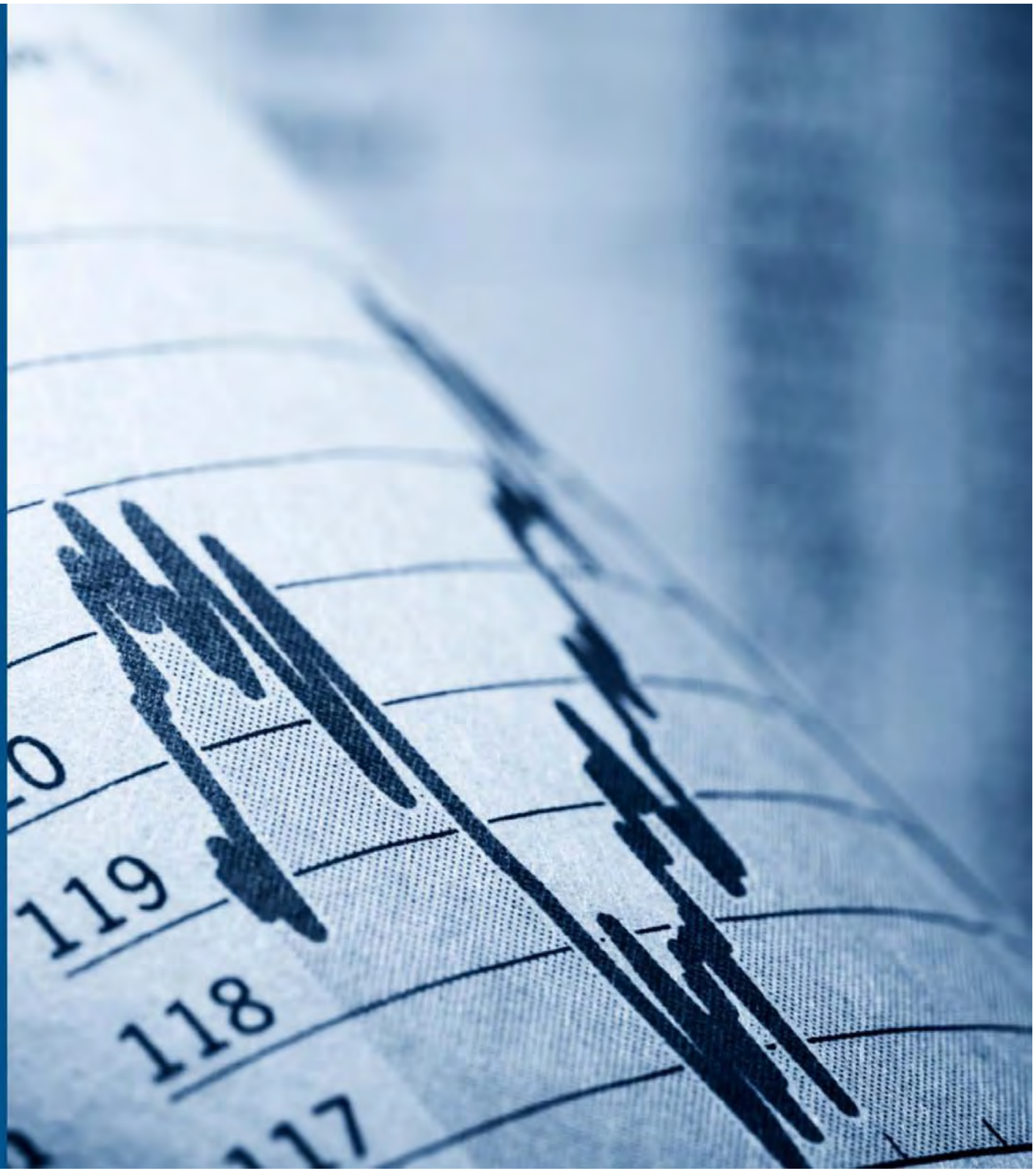
Title: _____

Quarterly Investment Monitor

Summary Report for the Quarter Ending December 31, 2012

Prepared for
City of Dover, Delaware Police Pension Plan

Milliman



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milliman.com

MEMO

To:	City of Dover, Delaware Police Pension Plan – Board
From:	Jeff Marzinsky & Matt Albano/Milliman
Re:	Investment Committee Meeting Notes – 2/14/2013

Enclosures: Milliman Quarterly Investment Monitor Report (QIM)

1. Defined Benefit Pension Plan Investment Review through 12/31/2012:
    a. As of 12/31/2012, assets in the plan total $10.78 million, down from $11.01 at 9/30/2012. The plan had withdrawals of approximately $374k during the quarter.

    b. The plan asset allocation has been adjusted based on the investment policy approved during the Nov 8, 2012 meeting.

    c. Performance of the plan portfolio was slightly above the Plan normal portfolio index for the quarter, at +1.49% versus 1.16% for the plan index.

City of Dover
Police Pension Plan
Quarterly Return Summary

Month End	BMV	Contribution	Withdrawls	Fees	Gain	EMV	POLICE-NET RETURN	POLICE GROSS-RETURN
10/31/2012	$ 11,010,828.10	$ -	$ 124,966.29	$ 456.19	$ (65,208.99)	$ 10,820,196.63	-0.59%	-0.57%
11/30/2012	$ 10,820,196.63	$ -	$ 124,966.29	$ 451.73	$ 65,371.78	$ 10,760,150.39	0.60%	0.63%
12/31/2012	$ 10,760,150.39	$ -	$ 124,966.29	$ 525.09	$ 151,307.37	$ 10,785,966.38	1.41%	1.43%
		$ -	$ 374,898.87	$ 1,433.01	$ 151,470.16	Quarterly Return	1.42%	1.49%

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Section A: Market Commentary

Section B: Performance Summary

Section C: Core Fund Review

Section D: Glossary

Milliman | Quarterly Investment Monitor

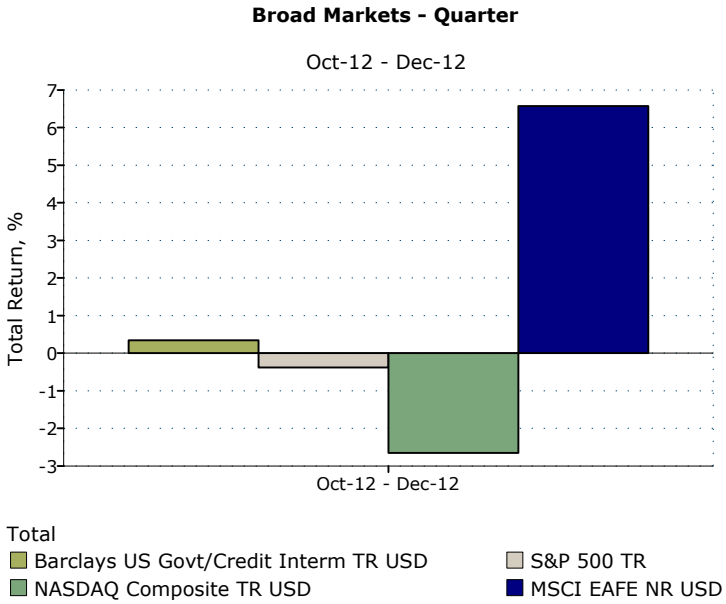
Market Indices - 4th Quarter 2012

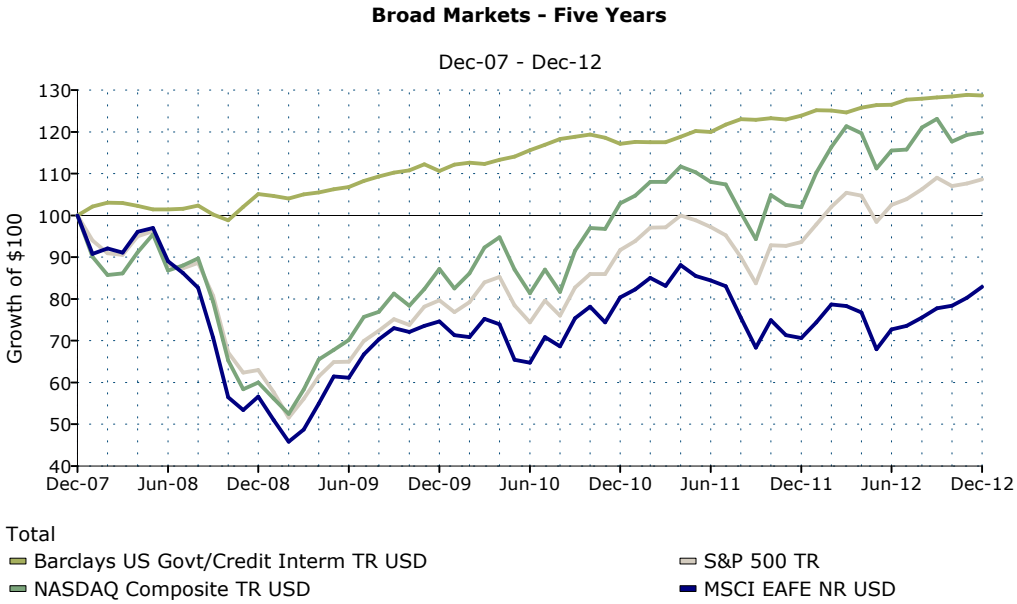


Index	3 Months	1 Year	3 Years	5 Years
BofAML US Treasury Bill 3 Mon	0.04	0.11	0.11	0.52
Barclays US Govt 1-3 Yr TR USD	0.07	0.51	1.49	2.49
Barclays US Govt/Credit Interm TR USD	0.35	3.89	5.19	5.18
Barclays US Government Long TR USD	-0.71	3.78	13.62	9.58
Barclays US Long Credit TR USD	1.25	12.73	13.48	10.40
Barclays US Corporate High Yield TR USD	3.29	15.81	11.86	10.34
DJ Industrial Average TR USD	-1.74	10.24	10.87	2.62
S&P 500 TR	-0.38	16.00	10.87	1.66
NASDAQ 100 TR USD	-4.50	18.35	13.80	5.89
NASDAQ Composite TR USD	-2.65	17.45	11.19	3.68
Russell 1000 Value TR USD	1.52	17.51	10.86	0.59
Russell 1000 TR USD	0.12	16.42	11.12	1.92
Russell 1000 Growth TR USD	-1.32	15.26	11.35	3.12
Russell 2000 Value TR USD	3.22	18.05	11.57	3.55
Russell 2000 TR USD	1.85	16.35	12.25	3.56
Russell 2000 Growth TR USD	0.45	14.59	12.82	3.49
FTSE NAREIT All REITs TR	2.19	20.14	18.03	5.60
MSCI EAFE NR USD	6.57	17.32	3.56	-3.69
MSCI EAFE Small Cap NR USD	6.01	20.00	7.17	-0.86
MSCI EM NR USD	5.58	18.22	4.66	-0.92

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Broad Market Commentary - 4th Quarter 2012



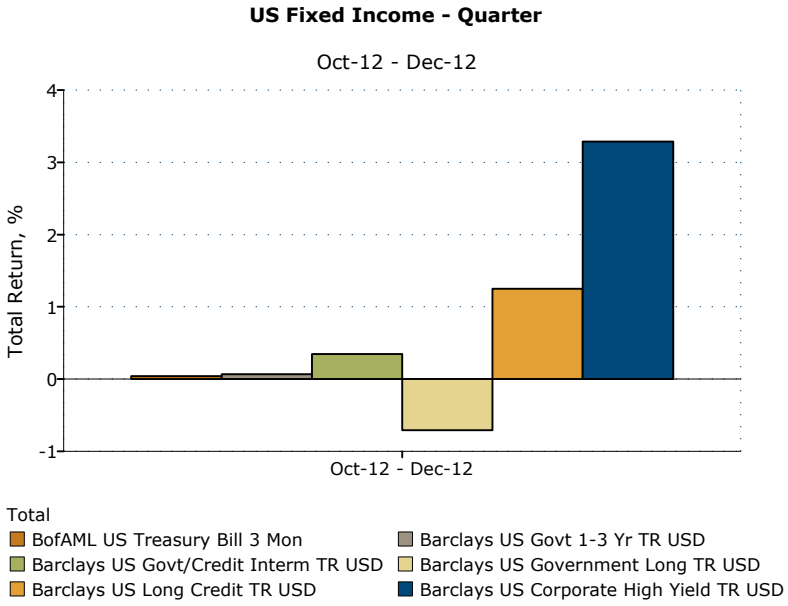


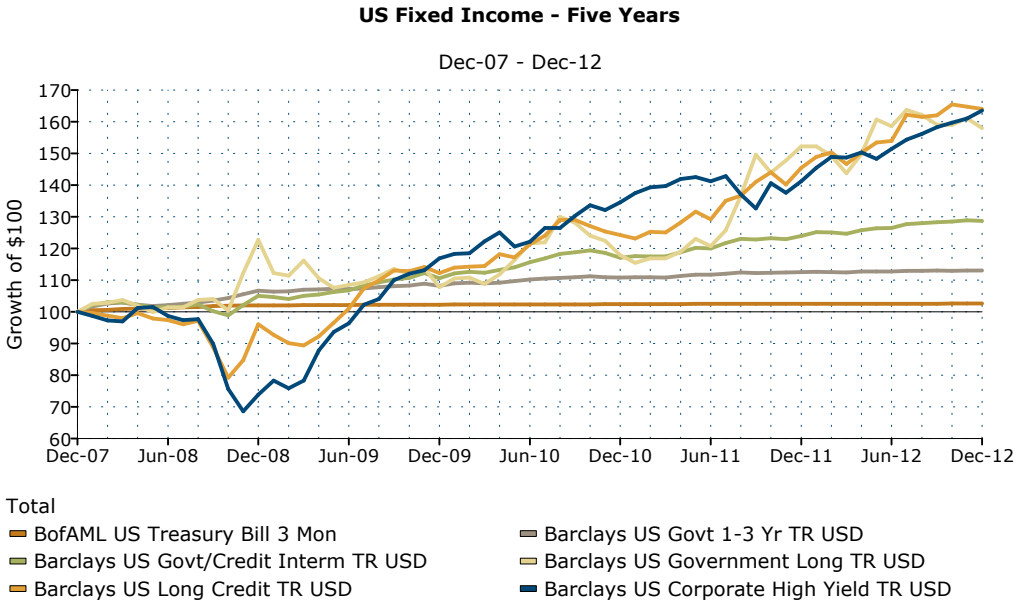
Market Commentary

- The U.S. stock market was mixed on concerns about the presidential election, the “fiscal cliff” of automatic spending cuts and tax increases, and the resulting impact on the U.S. economy.
- The international equity markets made substantial gains as investors became more confident in the European Central Bank's ability to address the European debt crisis and China's economy regained momentum.
- The Federal Reserve Bank announced its intentions to increase its securities purchases (“QE3”) and keep short-term interest rates low until unemployment falls below 6.5% -- the first time it has tied rates to an economic milestone.
- As the quarter ended, mutual fund investors increased their holdings in bonds and decreased their holdings in stocks. For the quarter, bond funds had net inflows of $68.2 billion, while stock funds had net outflows of $64.1 billion. Total money market mutual fund assets increased by $91.1 billion to $2.667 trillion.
- The unemployment rate was unchanged at 7.8%, as total employment increased by 453,000 jobs.
- The price of oil was unchanged at $92 per barrel.
- For the three months ending December 31, 2012, annualized seasonally adjusted CPI – U was -0.7%. Falling prices for gasoline drove the decrease.

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US Fixed Income Market Commentary - 4th Quarter 2012



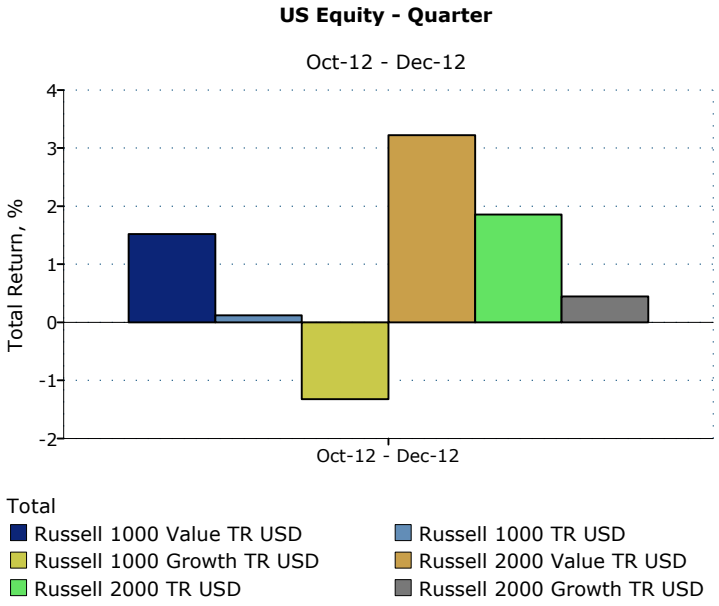


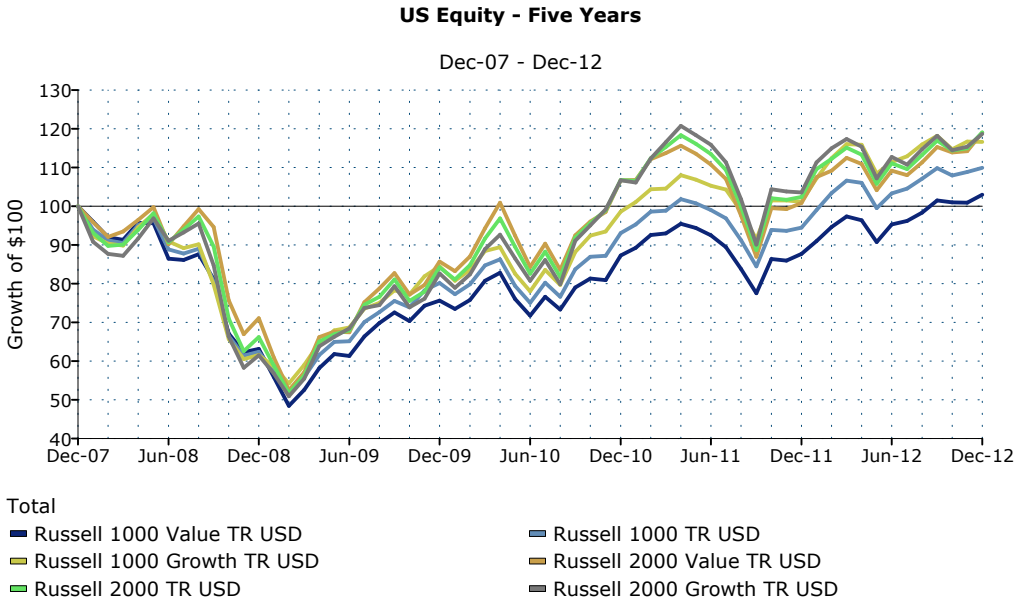
US Bond Market

- The broad fixed income market rose 0.21% in the 4th quarter, as the coupon return of 0.81% more than offset the negative impact from a 0.13% rise in interest rates.
- The short end of the yield curve remained unchanged as the Fed maintained its near-zero interest rate policy.
- Interest rates increased slightly from the 2- to the 30-year Treasury rates.
- Emerging market bonds and high-yield bonds were the best performing sectors this quarter, up 3.29%, as investors favored bonds with higher yields.
- Long-term corporate bonds were up 0.03%, as corporate credit spreads tightened sharply in response to strong demand from investors.
- Long-term government bonds were the worst performing sector this quarter, down 0.94%, on lower demand for safe-haven assets.
- 91-Day T-Bill returned 0.04% in the fourth quarter as compared with 0.03% in the third quarter.

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US Equity Market Commentary - 4th Quarter 2012



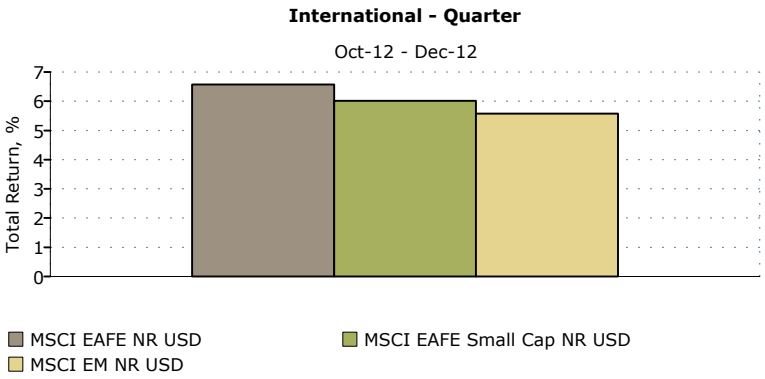


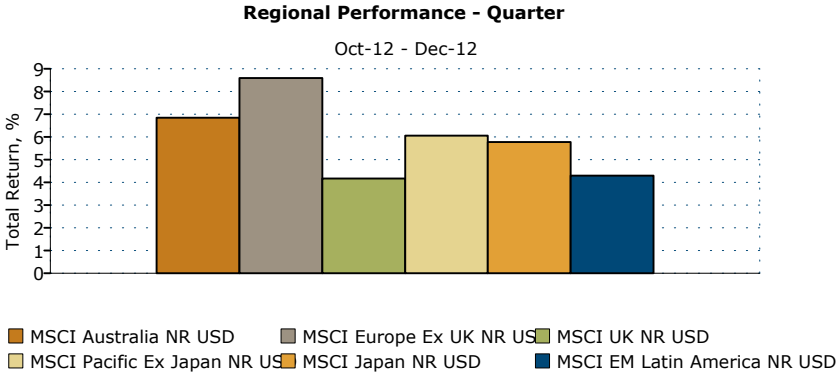
US Stock Market

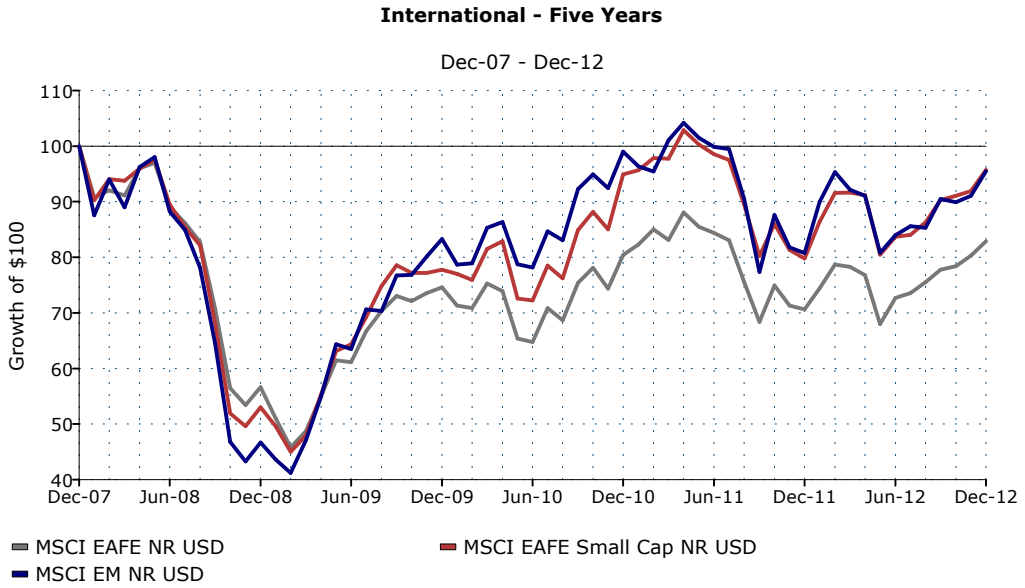
- The major domestic equity indices were mixed for the quarter. The small-cap Russell 2000 Value Index had the best return, up 3.2%.
- Small-cap stocks outperformed large-caps, up 1.9% vs. 0.1%.
- In comparing styles, value stocks did better than growth stocks.
- In a reversal from last quarter, REITs rose 2.31%, due to limited new supply, improving demand, and a low cost of capital. The best performing sectors were industrials and regional malls.
- Financials were the best performing sector, up 5.12%, on continued monetary stimulus by the Fed, an improving housing market, and capital levels that appear to be adequate.
- Telecommunication services were the worst performing sector, down 5.56%, as AT&T reported an unexpectedly large decline in subscriber growth.

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International Market Commentary - 4th Quarter 2012







International Markets

- The dollar was down against the euro and pound, but up strongly against the yen.
- For the quarter, the EAFE Index was up 6.57% and Emerging Markets were up 5.58%. Local currency returns for the EAFE Index and Emerging Markets were 7.52% and 5.33%, respectively.
- Among the major international regions, Chinese stocks had the highest return (+12.43%), helped by a more positive economic outlook for China.
- Stocks in Europe (except for the U.K.) also rose substantially (+8.62%), as the European Central Bank provided stimulus and guided recovery efforts in debt-ridden countries.
- Small-cap stocks, up 6.0%, underperformed large-cap stocks, up 6.6%.

Performance Summary

Asset Allocation

	Balances As of 12/31/2012	Percent As of 12/31/2012	Balances As of 09/30/2012	Percent As of 09/30/2012	Notes
Wells Fargo Advantage Treas Plus MMkt I	$429,058	3.98%	$547,697	5.00%	PISXX
Vanguard Short-Term Bond Index Signal	$322,801	2.99%	$2,188,466	19.99%	VBSSX
Vanguard Interm-Term Bond Index Signal	$1,511,567	14.01%	$1,108,037	10.12%	VIBSX
Vanguard Inflation-Protected Secs I	$220,519	2.04%	$0	0.00%	VIPIX
Vanguard Long-Term Bond Index I	$921,303	8.54%	$0	0.00%	VBLLX
PIMCO Long Duration Total Return Instl	$917,209	8.50%	$0	0.00%	PLRIX
Target Small Capitalization Value T	$537,119	4.98%	$0	0.00%	TASVX
Vanguard Equity-Income Adm	$1,062,838	9.85%	$1,545,348	14.11%	VEIRX
Vanguard Morgan Growth Adm	$533,799	4.95%	$776,642	7.09%	VMRAX
Vanguard PRIMECAP Inv	$531,495	4.93%	$608,235	5.55%	VPMCX
Vanguard Mid-Cap Value Index Admiral	$535,853	4.97%	$974,067	8.90%	VMVAX
DFA US Targeted Value I	$0	0.00%	$549,775	5.02%	DFFVX
DFA International Value I	$0	0.00%	$726,665	6.64%	DFIVX
American Funds New Perspective R6	$535,947	4.97%	$993,704	8.53%	RNPGX
Harding Loevner Global Equity Inst	$532,476	4.94%	$991,777	9.06%	HLMVX
Vanguard Emerging Mkts Stock Idx I	$1,649,658	15.29%	$0	0.00%	VEMIX
Vanguard REIT Index I	$545,398	5.06%	$0	0.00%	VGSNX
Plan Total	**$10,787,041**		**$11,010,413**		

Investment Policy Review - Active Management

Fund Name	Return Rank 3Y	Return Rank 5Y	Excess Return 3Y	Excess Return 5Y	Relative StdDev 3Y	Relative StdDev 5Y	Alpha Rank 3Y	Sharpe Rank 3Y	Alpha Rank 5Y	Sharpe Rank 5Y
Vanguard Inflation-Protected Secs I	31	34	-0.08	-0.22	1.01	1.01	55	46	46	31
PIMCO Long Duration Total Return Instl	31	13	-0.21	1.46	0.93	0.97	81	56	63	25
Target Small Capitalization Value T	52	19	-2.09	0.10	0.92	0.90	27	29	18	17
Vanguard Equity-Income Adm	2	8	2.61	3.37	0.82	0.84	2	2	8	8
Vanguard Morgan Growth Adm	34	49	-1.16	-2.04	1.18	1.14	47	44	51	48
Vanguard PRIMECAP Inv	68	19	-2.83	-0.37	1.06	1.06	56	58	20	20
American Funds New Perspective R6	27	19	1.68	2.85	0.95	0.92	34	27	20	20
Harding Loevner Global Equity Inst	36	21	0.96	2.65	0.96	0.94	41	40	21	21

Definitions

Return Rank - Fund's category percentile return rank, a value less than 50 (1 is the best and 100 is the worst) implies the fund is beating more than 50% of its peer group.

Excess Return - Fund's excess return over its benchmark, a value greater than 0 implies the fund's return is higher than its benchmark.

Relative StdDev - Fund's standard deviation relative to its benchmark, a value less than 1 implies the fund's standard deviation is lower than its benchmark.

Alpha Rank - Fund's category percentile Alpha rank, a value less than 50 (1 is the best and 100 is the worst) implies the fund is beating more than 50% of its peer group.

Sharpe Rank - Fund's category percentile Sharpe Ratio rank, a value less than 50 (1 is the best and 100 is the worst) implies the fund is beating more than 50% of its peer group.

Investment Policy Review - Passive Management

Fund Name	Excess Return 3Y	Excess Return 5Y	Beta 3Y	Tracking Error 3Y	Beta 5Y	Tracking Error 5Y	Expense Ratio
Vanguard Short-Term Bond Index Signal	1.17	0.92	1.79	0.73	1.51	0.89	0.11
Vanguard Interm-Term Bond Index Signal	-0.06	0.03	1.02	0.35	1.02	0.43	0.11
Vanguard Long-Term Bond Index I	-0.06	0.03	1.04	0.94	1.02	0.83	0.07
Vanguard Mid-Cap Value Index Admiral	-0.59	1.05	0.93	2.60	0.98	4.28	0.10
Vanguard Emerging Mkts Stock Idx I	0.17	0.10	1.01	3.06	1.01	3.34	0.13
Vanguard REIT Index I	1.32	2.00	1.00	0.20	0.99	0.55	0.08

Definitions

Excess Return - Fund's excess return over its benchmark, a value greater than 0 implies the fund's return is higher than its benchmark.

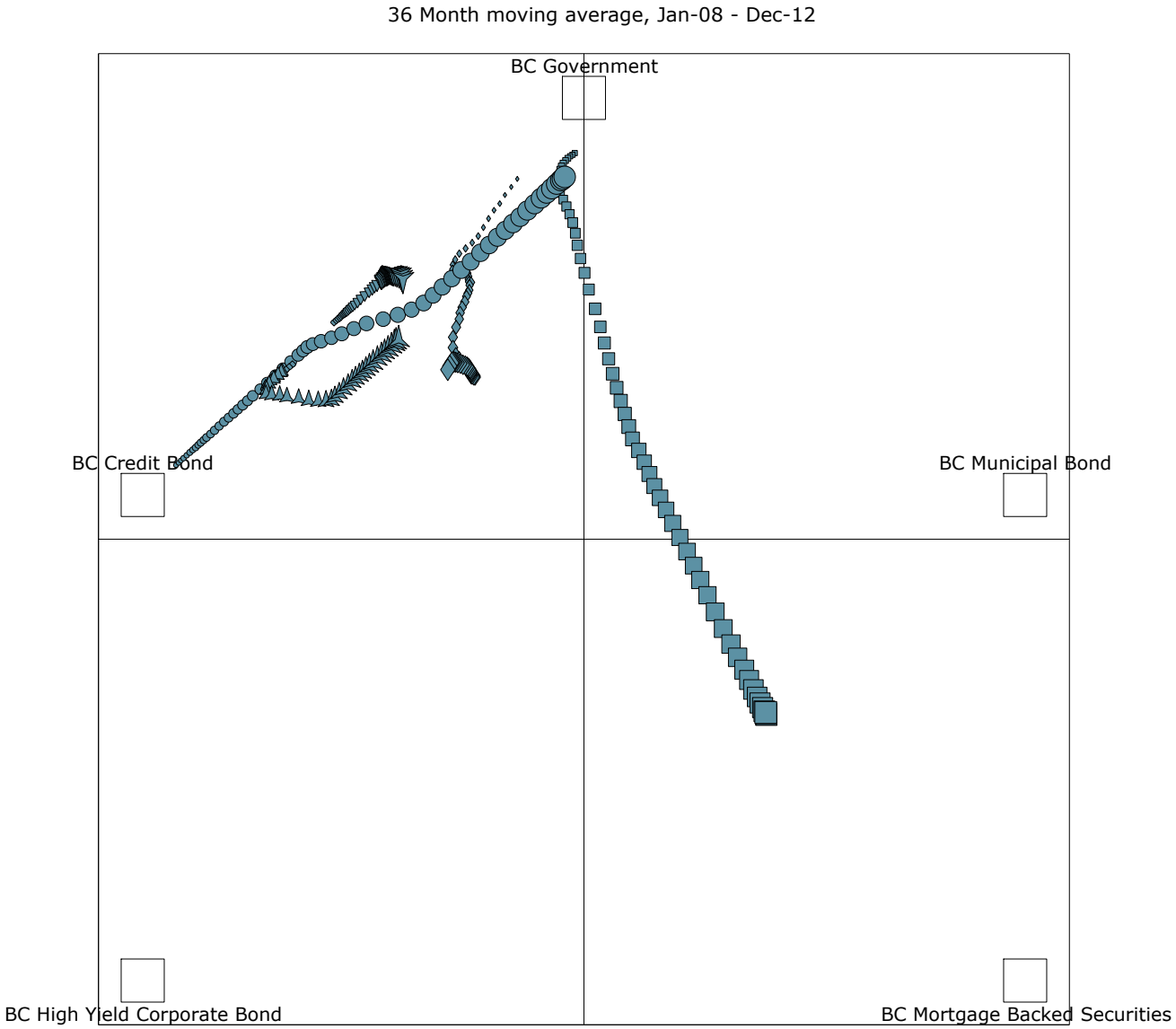
Beta - Fund's Beta or sensitivity to movements compared to its benchmark, a value of 1 implies its moving in sync with its benchmark.

Tracking Error - Fund's Tracking Error versus its benchmark, a value of 0 implies the Fund's ups and downs are the same size as its benchmark.

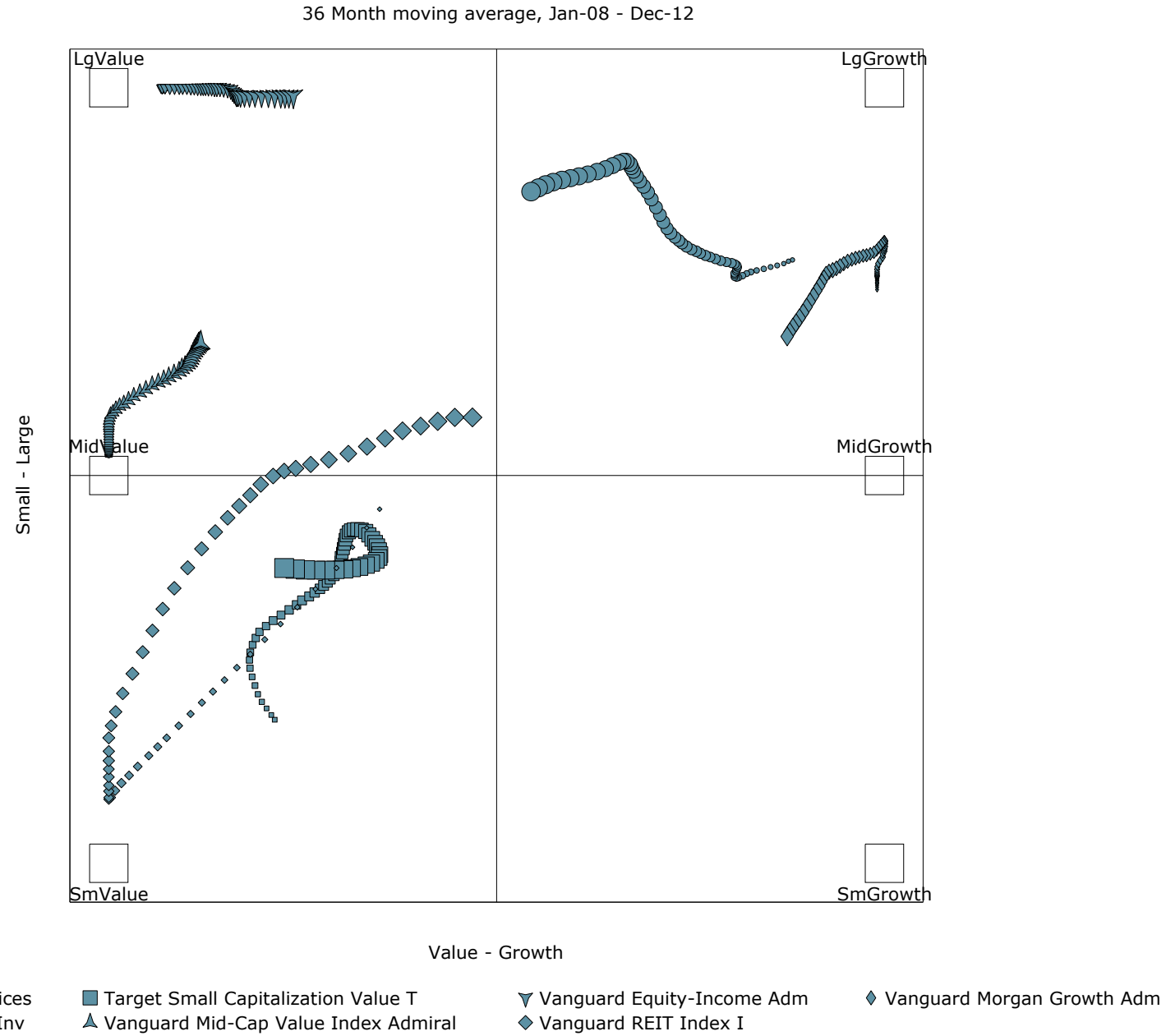
Investment Option Return Summary

Asset Class	Fund Name	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Ticker	Mstar Rating	Expense Ratio
Taxable Money Market	Wells Fargo Advantage Treas Plus MMkt I	0.00	0.01	0.01	0.01	0.32	1.61	PISXX	NA	0.20
	BofA ML 3-month T-bill total return Index	*0.04*	*0.11*	*0.11*	*0.11*	*0.52*	*1.78*	*N/A*	*NA*	*NA*
Short-term Bond	Vanguard Short-Term Bond Index Signal	0.15	2.05	2.05	3.05	3.80	3.67	VBSSX	3.00	0.11
	Barclays US Govt/Credit 1-3 Yr TR USD	*0.15*	*1.26*	*1.26*	*1.88*	*2.88*	*3.13*	*N/A*	*NA*	*NA*
Intermediate-term Bond	Vanguard Interm-Term Bond Index Signal	0.46	7.02	7.02	9.07	7.81	6.30	VIBSX	5.00	0.11
	Barclays US Govt/Credit 5-10 Yr TR USD	*0.65*	*7.21*	*7.21*	*9.13*	*7.78*	*6.31*	*N/A*	*NA*	*NA*
Inflation-Protected Bond	Vanguard Inflation-Protected Secs I	0.57	6.87	6.87	8.82	6.81	6.50	VIPIX	4.00	0.07
	Barclays US Treasury US TIPS TR USD	*0.69*	*6.98*	*6.98*	*8.90*	*7.04*	*6.65*	*N/A*	*NA*	*NA*
Long-term Bond	Vanguard Long-Term Bond Index I	0.11	8.55	8.55	13.58	10.19	7.93	VBLLX	3.00	0.07
Long-term Bond	PIMCO Long Duration Total Return Instl	0.44	10.28	10.28	13.44	11.62	NA	PLRIX	4.00	0.50
	BC Long Government/Credit	*0.45*	*8.78*	*8.78*	*13.65*	*10.16*	*7.96*	*N/A*	*NA*	*NA*
Small Value	Target Small Capitalization Value T	3.75	14.14	14.14	11.98	5.24	11.86	TASVX	4.00	0.71
	S&P 600 Index	*2.22*	*16.33*	*16.33*	*14.07*	*5.14*	*10.45*	*N/A*	*NA*	*NA*
Large Value	Vanguard Equity-Income Adm	0.14	13.58	13.58	13.07	3.22	8.26	VEIRX	5.00	0.22
	S&P 500 Value	*1.64*	*17.68*	*17.68*	*10.47*	*(0.15)*	*7.14*	*N/A*	*NA*	*NA*
Large Growth	Vanguard Morgan Growth Adm	(0.95)	15.25	15.25	10.17	1.35	7.94	VMRAX	4.00	0.30
Large Growth	Vanguard PRIMECAP Inv	2.56	15.27	15.27	8.50	3.03	9.90	VPMCX	4.00	0.45
	S&P 500 Growth	*(2.04)*	*14.61*	*14.61*	*11.33*	*3.39*	*7.00*	*N/A*	*NA*	*NA*
Mid-Cap Value	Vanguard Mid-Cap Value Index Admiral	3.56	16.02	16.02	12.10	4.23	NA	VMVAX	3.00	0.10
	MSCI US Mid Cap 450 Index USD	*2.84*	*16.04*	*16.04*	*12.68*	*3.19*	*10.43*	*N/A*	*NA*	*NA*
World Stock	American Funds New Perspective R6	4.21	21.19	21.19	8.30	1.69	10.16	RNPGX	4.00	0.46
World Stock	Harding Loevner Global Equity Inst	1.07	17.42	17.42	7.58	1.49	9.32	HLMVX	3.00	0.95
	MSCI AC World Index ND USD	*2.88*	*16.13*	*16.13*	*6.63*	*(1.16)*	*8.11*	*N/A*	*NA*	*NA*
Diversified Emerging Mkts	Vanguard Emerging Mkts Stock Idx I	6.84	18.90	18.90	4.83	(0.81)	16.41	VEMIX	3.00	0.13
	MSCI EM NR USD	*5.58*	*18.22*	*18.22*	*4.66*	*(0.92)*	*16.52*	*N/A*	*NA*	*NA*
Real Estate	Vanguard REIT Index I	2.50	17.65	17.65	18.03	6.11	11.71	VGSNX	3.00	0.08
	MSCI US REIT NR USD	*2.17*	*16.47*	*16.47*	*16.70*	*4.11*	*NA*	*N/A*	*NA*	*NA*
Total Plan	POLICE GROSS-RETURN	1.49	10.71	10.71	7.10	3.31	NA	N/A	NA	NA
Total Plan	POLICE-NET RETURN	1.42	10.39	10.39	6.80	3.01	NA	N/A	NA	NA
	Police Plan Policy Index	*1.16*	*12.22*	*12.22*	*8.38*	*2.84*	*7.03*	*N/A*	*NA*	*NA*

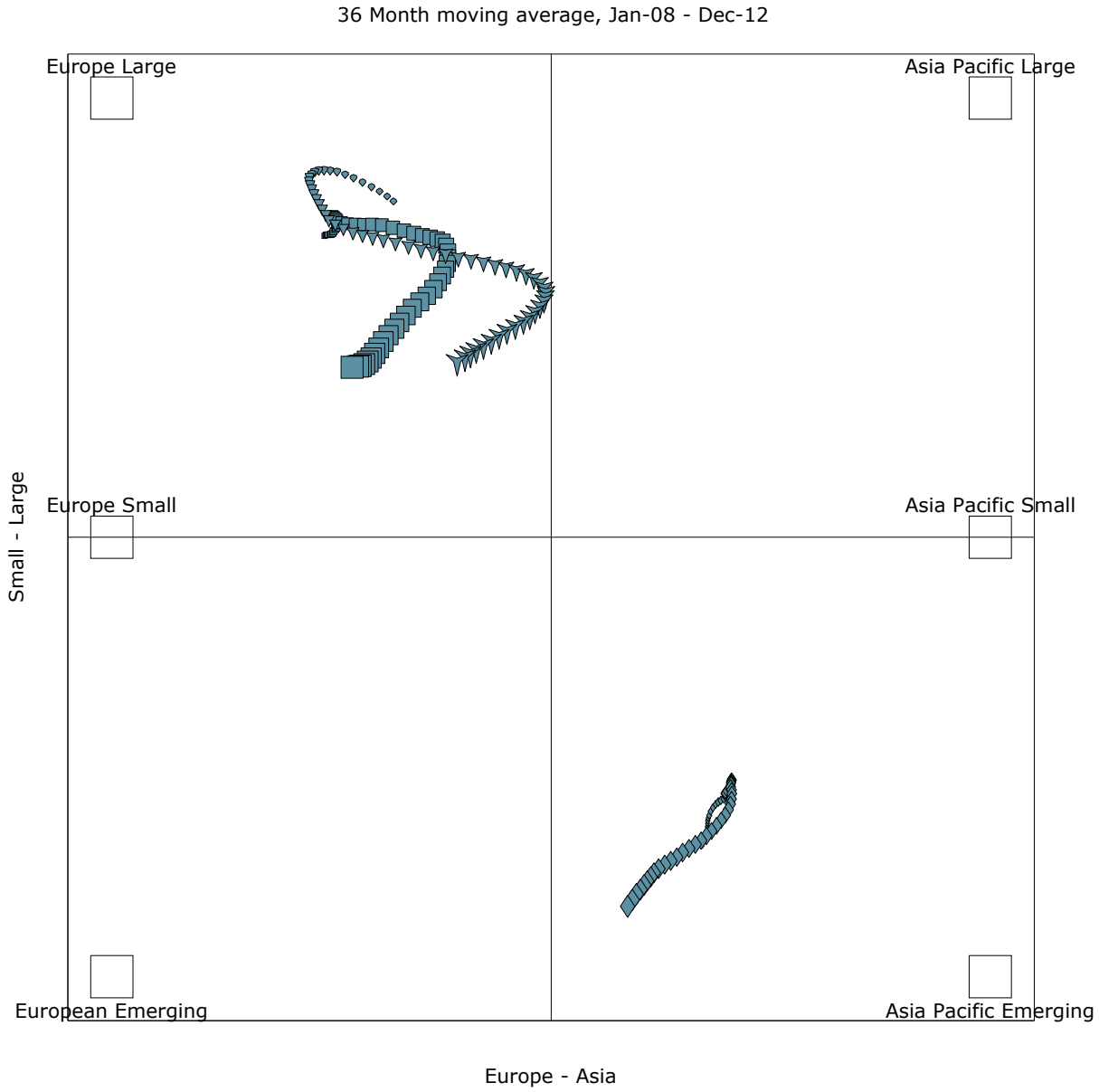
U.S. Fixed Income Style Map



U.S. Equity Style Map

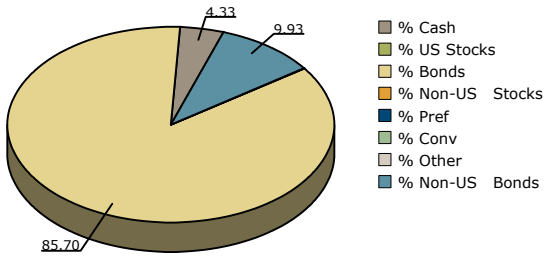


International Equity Style Map



Core Fund Review

Vanguard Short-Term Bond Index Signal



Portfolio Region	
% United States	NA
% Canada	NA
% Latin America	NA
% United Kingdom	NA
% Eurozone	NA
% Europe - ex Euro	NA
% Europe - Emerging	NA
% Africa	NA
% Middle East	NA
% Japan	NA
% Australasia	NA
% Asia - Developed	NA
% Asia - Emerging	NA

Portfolio Structure	
% Cash	4.33
% US Stocks	0.00
% Bonds	85.70
% Non-US Stocks	0.00
% Pref	0.04
% Conv	0.00
% Other	0.00
% Non-US Bonds	9.93

Sector Allocation	
% Basic Materials	NA
% Communication Services	NA
% Consumer Cyclical	NA
% Consumer Defensive	NA
% Healthcare	NA
% Industrials	NA
% Real Estate	NA
% Technology	NA
% Energy	NA
% Financial Services	NA
% Utilities	NA

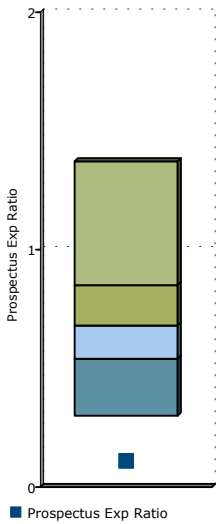
Credit Quality	
Avg Eff Duration	2.69
Effective Maturity	2.80
Avg Credit Quality	AA
US Govt/ Agency	NA
AAA	74.95
AA	6.08
A	11.10
BBB	7.87
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Top Ten Holdings	
US Treasury Note 0.625%	1.98%
US Treasury Note 2.5%	1.58%
US Treasury Note 2.625%	1.57%
US Treasury Note 1%	1.56%
US Treasury Note 0.875%	1.48%
US Treasury Note 1.75%	1.42%
US Treasury Note 2.375%	1.38%
US Treasury Note 0.25%	1.33%
US Treasury Note 0.25%	1.27%
US Treasury Note 0.625%	1.24%

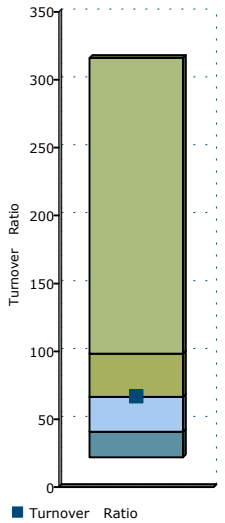
Portfolio Information	
Ticker	VBSSX
Morningstar Category	Short-term Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	9418.10
Net Assets $MM	26204.17
Turnover Ratio	67.00
% Assets in Top 10 Holdings	14.81
Total Number of Holdings	1468.00
Manager Name	Gregory Davis
Manager Tenure	7.92
Fund Incept Date	03/01/1994
Prospectus Exp Ratio	0.11
Phone Number	800-662-7447
Closed to New Investors	No

Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	49
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	32
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	29

Expense Ratio vs. Peer Group



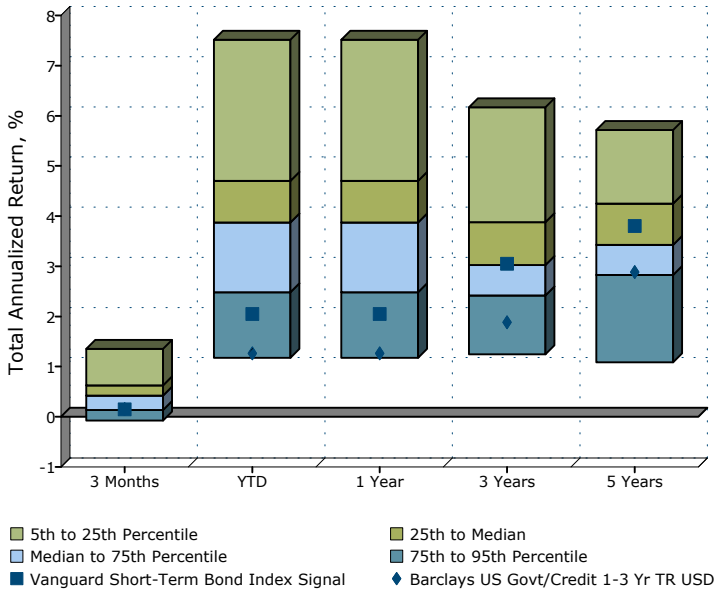
Turnover Ratio vs. Peer Group



Investment Strategy Summary

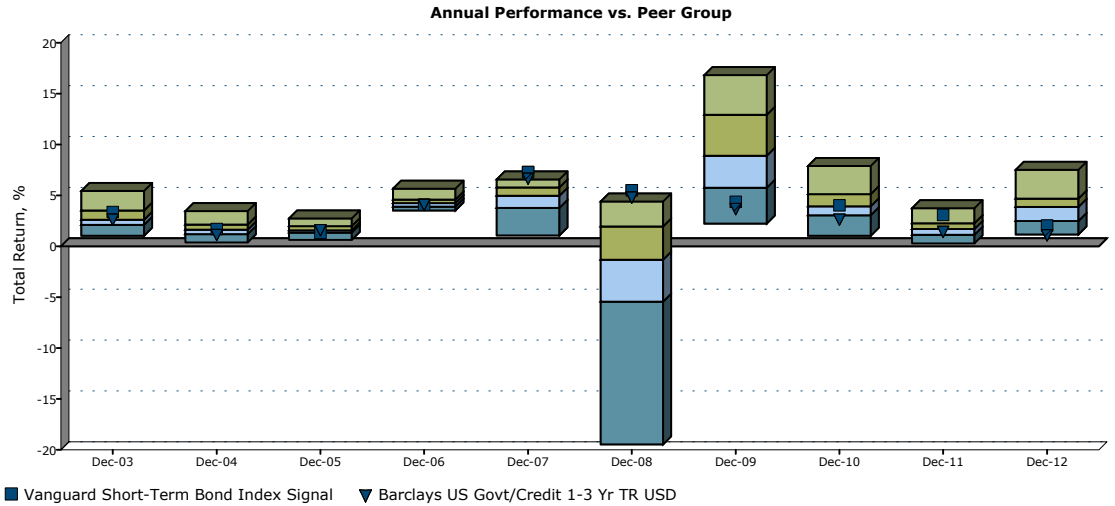
The investment seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity. The fund employs an indexing investment approach designed to track the performance of the Barclays Capital U.S. 1-5 Year Government/Credit Float Adjusted Index. It invests by sampling the index. The fund invests at least 80% of assets in bonds held in the index. It maintains a dollar-weighted average maturity consistent with that of the index, which generally does not exceed 3 years.

Performance vs. Peer Group

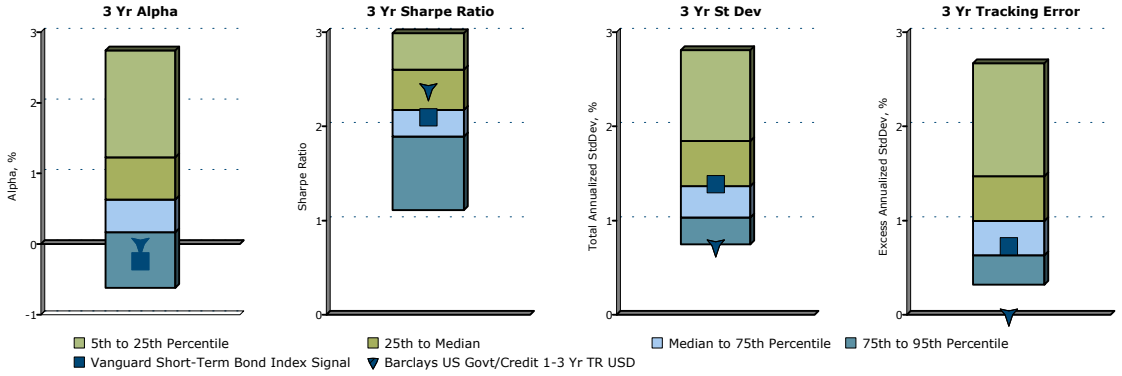


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Short-Term Bond Index Signal	0.15	2.05	2.05	3.05	3.80
Barclays US Govt/Credit 1-3 Yr TR USD	0.15	1.26	1.26	1.88	2.88
Universe(5%)	1.35	7.52	7.52	6.17	5.72
Universe(25%)	0.63	4.70	4.70	3.88	4.25
Universe(Median)	0.42	3.87	3.87	3.02	3.43
Universe(75%)	0.13	2.48	2.48	2.42	2.83
Universe(95%)	-0.08	1.17	1.17	1.24	1.08

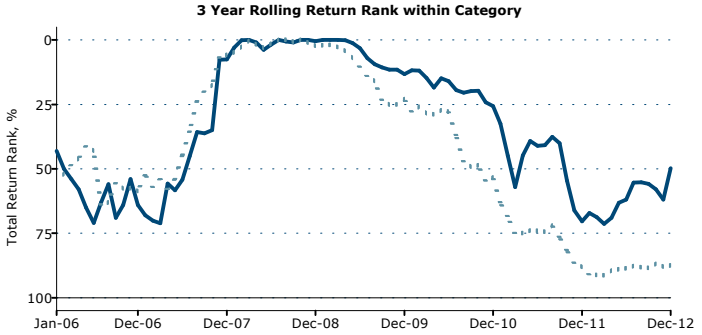
Vanguard Short-Term Bond Index Signal

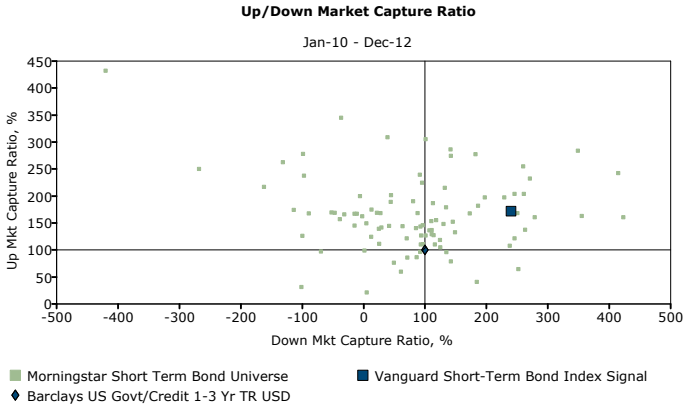


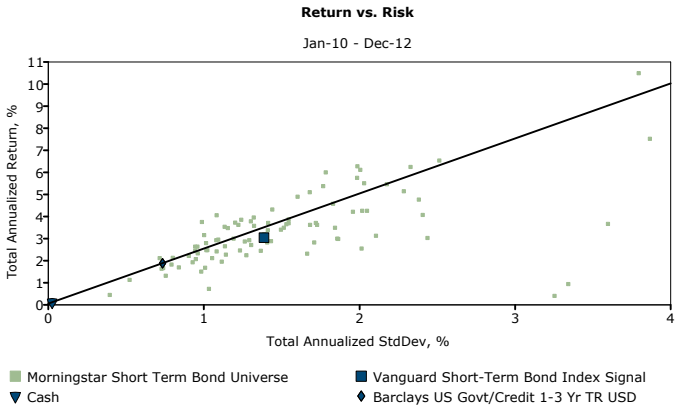
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Short-Term Bond Index Signal	3.37	1.70	1.31	4.09	7.28	5.51	4.38	4.03	3.08	2.05
Barclays US Govt/Credit 1-3 Yr TR USD	2.81	1.30	1.77	4.25	6.83	4.97	3.83	2.80	1.59	1.26



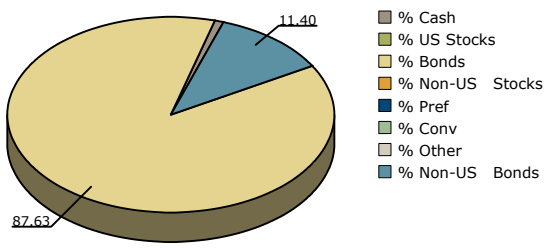
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Short-Term Bond Index Signal	-0.24	1.79	90.08	2.10	1.39	0.73
Barclays US Govt/Credit 1-3 Yr TR USD	0.00	1.00	100.00	2.39	0.73	0.00
Universe(5%)	2.74	2.26	89.65	2.99	2.81	2.67
Universe(25%)	1.23	1.72	74.64	2.60	1.84	1.47
Universe(Median)	0.63	1.30	57.73	2.18	1.37	0.99
Universe(75%)	0.17	1.10	39.55	1.89	1.03	0.63
Universe(95%)	-0.62	0.75	11.96	1.11	0.75	0.32







Vanguard Interm-Term Bond Index Signal



Portfolio Region	
% United States	NA
% Canada	NA
% Latin America	NA
% United Kingdom	NA
% Eurozone	NA
% Europe - ex Euro	NA
% Europe - Emerging	NA
% Africa	NA
% Middle East	NA
% Japan	NA
% Australasia	NA
% Asia - Developed	NA
% Asia - Emerging	NA

Portfolio Structure	
% Cash	0.97
% US Stocks	0.00
% Bonds	87.63
% Non-US Stocks	0.00
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	11.40

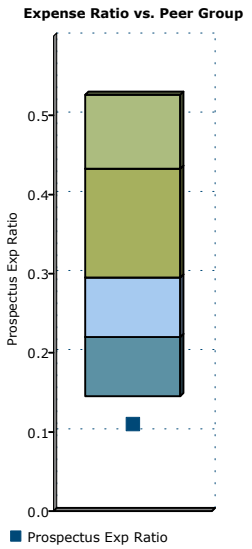
Sector Allocation	
% Basic Materials	NA
% Communication Services	NA
% Consumer Cyclical	NA
% Consumer Defensive	NA
% Healthcare	NA
% Industrials	NA
% Real Estate	NA
% Technology	NA
% Energy	NA
% Financial Services	NA
% Utilities	NA

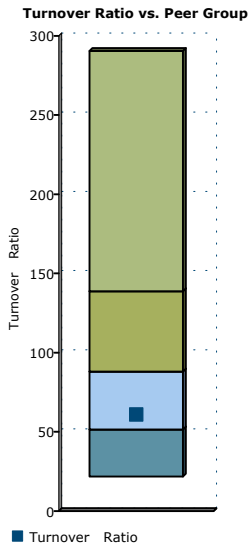
Credit Quality	
Avg Eff Duration	6.46
Effective Maturity	7.30
Avg Credit Quality	A
US Govt/ Agency	NA
AAA	53.14
AA	4.91
A	20.67
BBB	21.28
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Top Ten Holdings	
US Treasury Note 3.5%	3.17%
US Treasury Note 3.625%	3.10%
US Treasury Note 3.625%	2.92%
US Treasury Note 3.125%	2.76%
US Treasury Note 3.375%	2.47%
US Treasury Note 1.625%	2.36%
US Treasury Note 2.625%	2.34%
US Treasury Note 2%	2.21%
US Treasury Note 2.125%	2.14%
US Treasury Note 3.75%	2.04%

Portfolio Information	
Ticker	VIBSX
Morningstar Category	Intermediate-term Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	18030.59
Net Assets $MM	17226.63
Turnover Ratio	61.00
% Assets in Top 10 Holdings	25.50
Total Number of Holdings	1374.00
Manager Name	Joshua C. Barrickman
Manager Tenure	4.69
Fund Incept Date	03/01/1994
Prospectus Exp Ratio	0.11
Phone Number	800-662-7447
Closed to New Investors	No

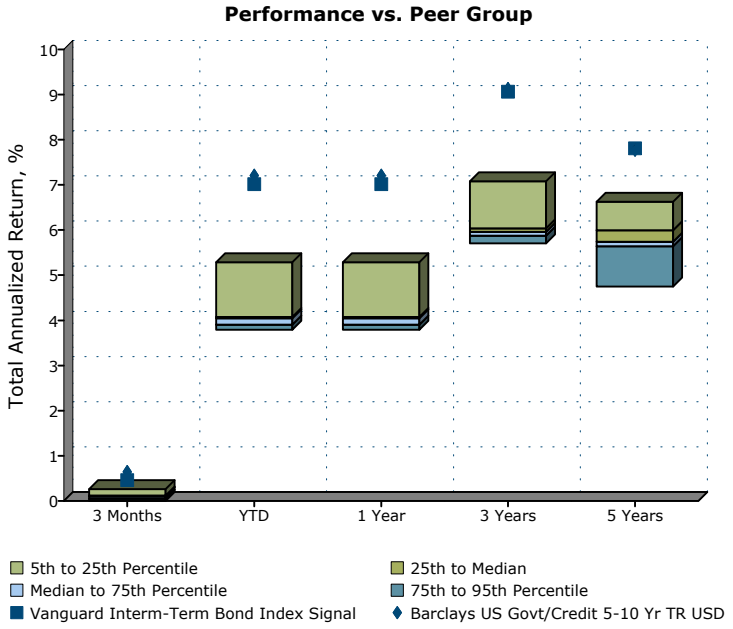
Portfolio Ratings	
Mstar Rating	★★★★★
3 Year Mstar Rating	★★★★★
% Rank Cat 3 Yr	10
5 Year Mstar Rating	★★★★★
% Rank Cat 5 Yr	13
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	14





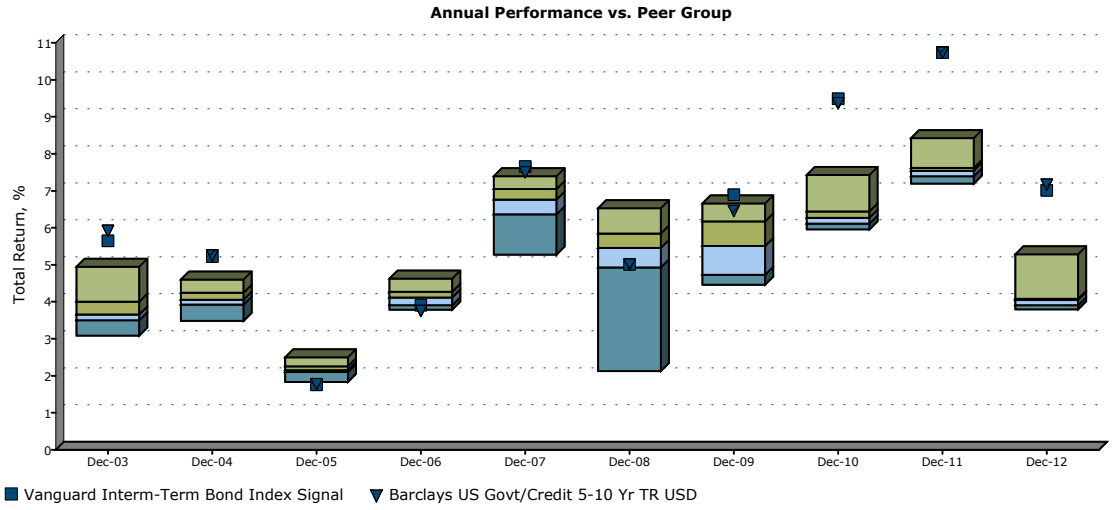
Investment Strategy Summary

The investment seeks to track the performance of a market-weighted bond index with an intermediate-term dollar-weighted average maturity. The fund employs an indexing investment approach designed to track the performance of the Barclays U.S. 5-10 Year Government/Credit Float Adjusted Index. This index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 5 and 10 years and are publicly issued. All of its investments will be selected through the sampling process, and at least 80% of its assets will be invested in bonds held in the index.

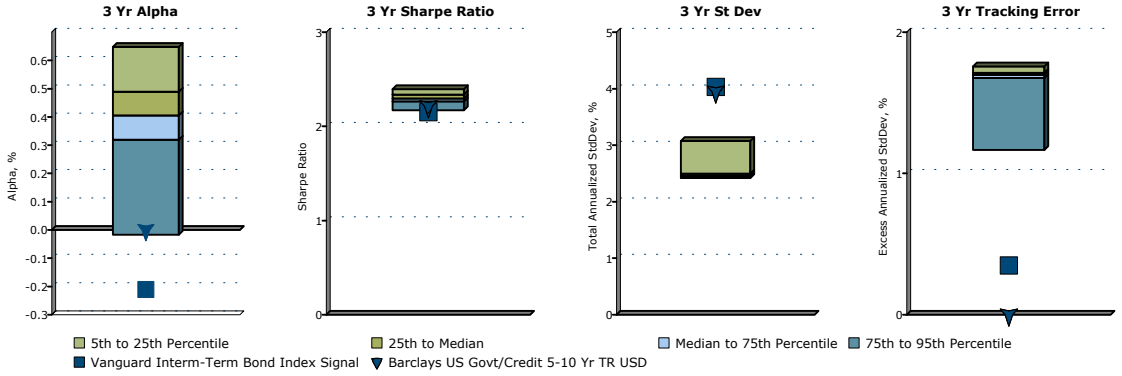


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Interm-Term Bond Index Signal	0.46	7.02	7.02	9.07	7.81
Barclays US Govt/Credit 5-10 Yr TR USD	0.65	7.21	7.21	9.13	7.78
Universe(5%)	0.26	5.28	5.28	7.08	6.62
Universe(25%)	0.12	4.08	4.08	6.04	6.00
Universe(Median)	0.10	4.05	4.05	5.96	5.74
Universe(75%)	0.05	3.91	3.91	5.87	5.64
Universe(95%)	0.00	3.79	3.79	5.71	4.75

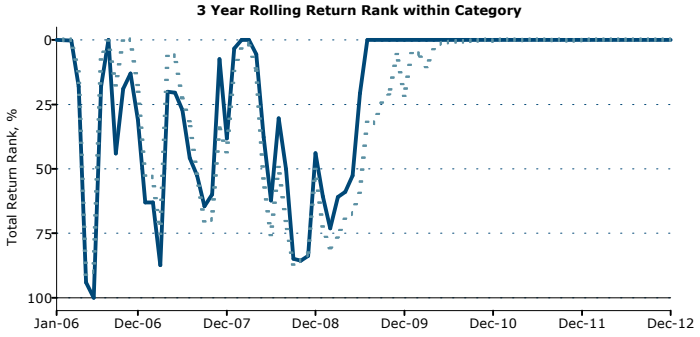
Vanguard Interm-Term Bond Index Signal

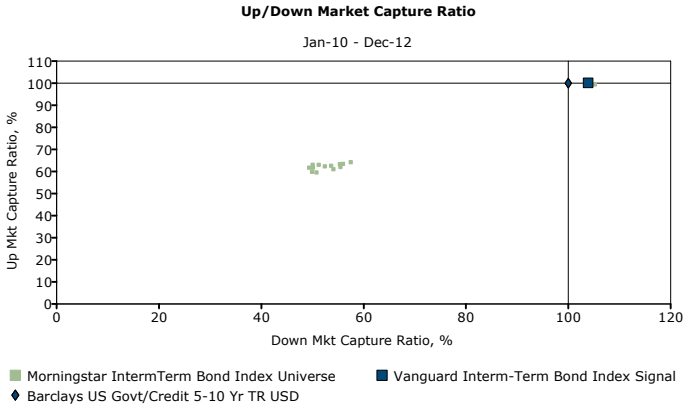


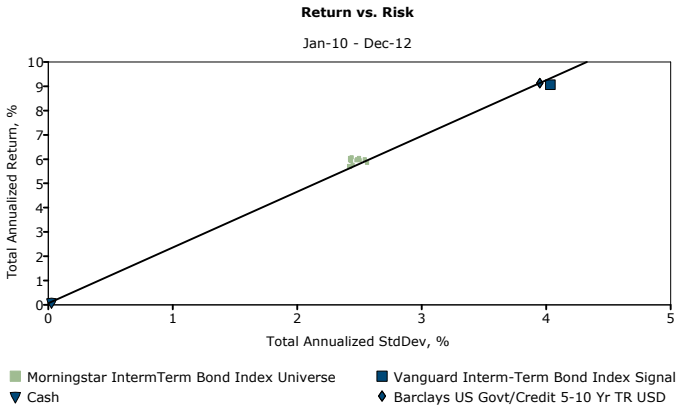
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Interm-Term Bond Index Signal	5.65	5.22	1.75	3.91	7.66	5.01	6.89	9.49	10.73	7.02
Barclays US Govt/Credit 5-10 Yr TR USD	5.97	5.30	1.83	3.81	7.55	5.06	6.50	9.42	10.79	7.21



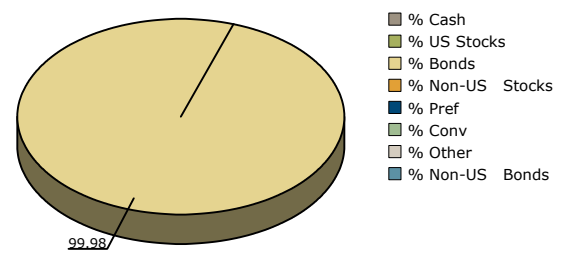
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Interm-Term Bond Index Signal	-0.21	1.02	99.29	2.15	4.03	0.35
Barclays US Govt/Credit 5-10 Yr TR USD	0.00	1.00	100.00	2.21	3.95	0.00
Universe(5%)	0.65	0.76	96.08	2.39	3.08	1.76
Universe(25%)	0.49	0.61	93.58	2.34	2.50	1.71
Universe(Median)	0.41	0.60	93.42	2.30	2.46	1.70
Universe(75%)	0.32	0.60	92.90	2.26	2.43	1.68
Universe(95%)	-0.02	0.59	91.87	2.17	2.42	1.17







Vanguard Inflation-Protected Secs I



Portfolio Region	
% United States	NA
% Canada	NA
% Latin America	NA
% United Kingdom	NA
% Eurozone	NA
% Europe - ex Euro	NA
% Europe - Emerging	NA
% Africa	NA
% Middle East	NA
% Japan	NA
% Australasia	NA
% Asia - Developed	NA
% Asia - Emerging	NA

Portfolio Structure	
% Cash	0.02
% US Stocks	0.00
% Bonds	99.98
% Non-US Stocks	0.00
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

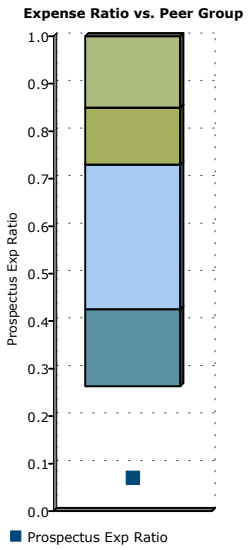
Sector Allocation	
% Basic Materials	NA
% Communication Services	NA
% Consumer Cyclical	NA
% Consumer Defensive	NA
% Healthcare	NA
% Industrials	NA
% Real Estate	NA
% Technology	NA
% Energy	NA
% Financial Services	NA
% Utilities	NA

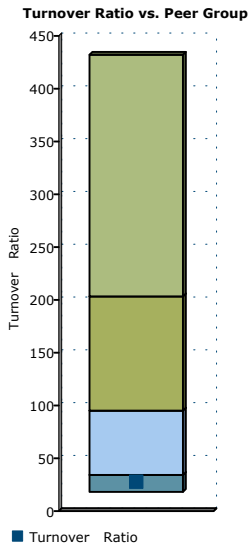
Credit Quality	
Avg Eff Duration	8.50
Effective Maturity	9.40
Avg Credit Quality	Government
US Govt/ Agency	NA
AAA	99.99
AA	0.01
A	0.00
BBB	0.00
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Top Ten Holdings	
US Treasury Note 1.125%	5.49%
US Treasury Note 0.125%	5.34%
US Treasury Note	5.33%
US Treasury Note	5.21%
US Treasury Note	4.55%
US Treasury Bond 3.875%	4.53%
US Treasury Note 1.25%	4.09%
US Treasury Bond 2.375%	3.97%
US Treasury Note	3.91%
US Treasury Note 2%	3.69%

Portfolio Information	
Ticker	VIPIX
Morningstar Category	Inflation-Protected Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	13018.99
Net Assets $MM	44577.78
Turnover Ratio	28.00
% Assets in Top 10 Holdings	46.11
Total Number of Holdings	34.00
Manager Name	Gemma Wright-Casparius
Manager Tenure	1.37
Fund Incept Date	06/29/2000
Prospectus Exp Ratio	0.07
Phone Number	800-662-7447
Closed to New Investors	No

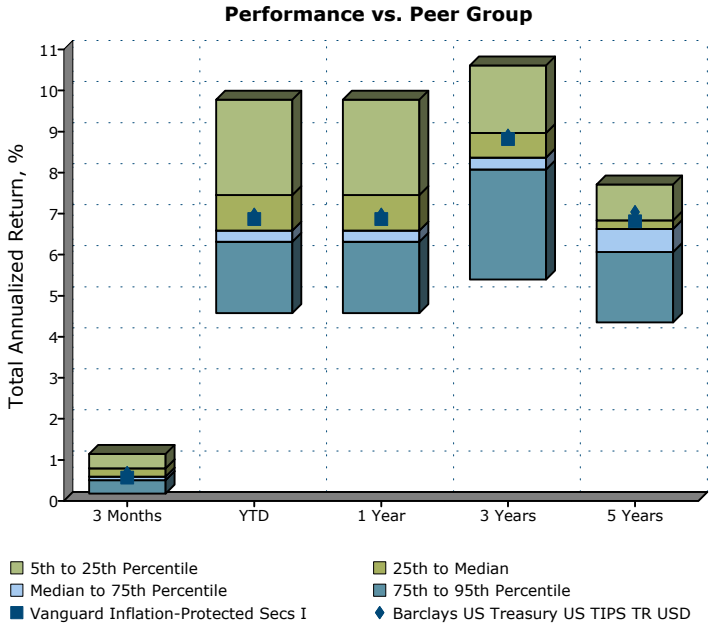
Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	16
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	28
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	21





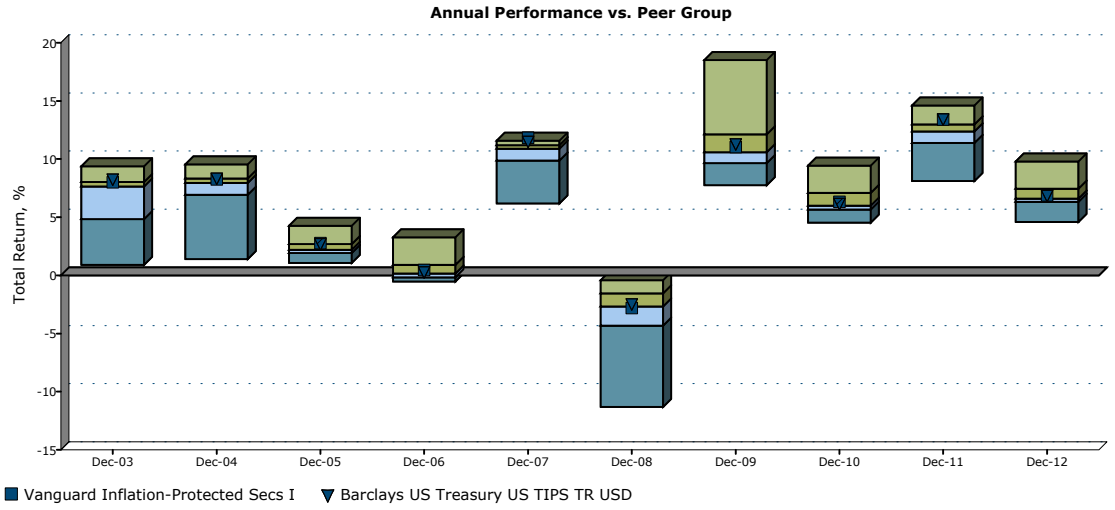
Investment Strategy Summary

The investment seeks to provide inflation protection and income consistent with investment in inflation-indexed securities. The fund invests at least 80% of its assets in inflation-indexed bonds issued by the U.S. government, its agencies and instrumentalities, and corporations. It may invest in bonds of any maturity; however, its dollar-weighted average maturity is expected to be in the range of 7 to 20 years. At a minimum, all bonds purchased by the fund will be rated "investment grade" or, if unrated, will be considered by the advisor to be investment grade.

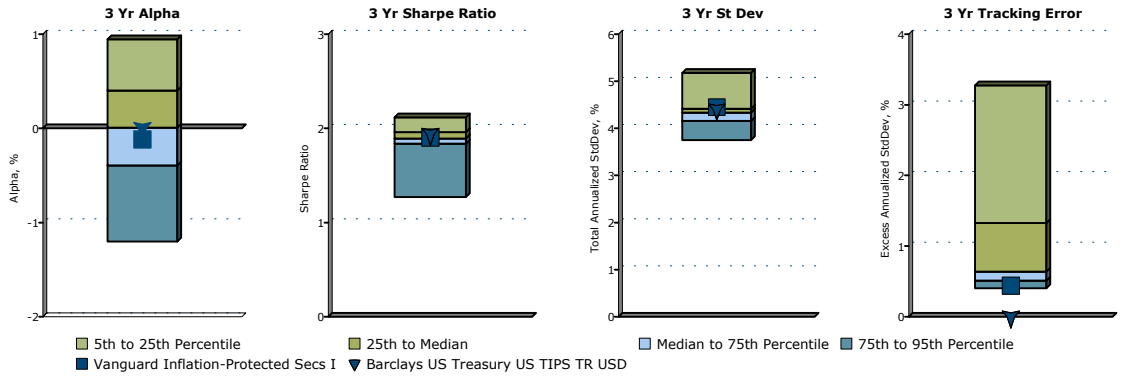


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Inflation-Protected Secs I	0.57	6.87	6.87	8.82	6.81
Barclays US Treasury US TIPS TR USD	0.69	6.98	6.98	8.90	7.04
Universe(5%)	1.15	9.78	9.78	10.61	7.71
Universe(25%)	0.79	7.45	7.45	8.96	6.84
Universe(Median)	0.59	6.59	6.59	8.36	6.63
Universe(75%)	0.51	6.31	6.31	8.08	6.06
Universe(95%)	0.18	4.58	4.58	5.39	4.35

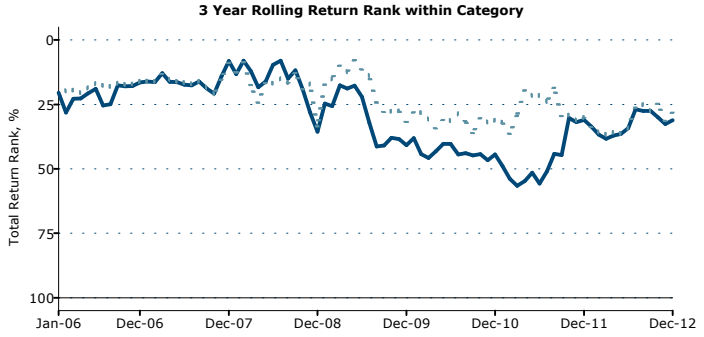
Vanguard Inflation-Protected Secs I

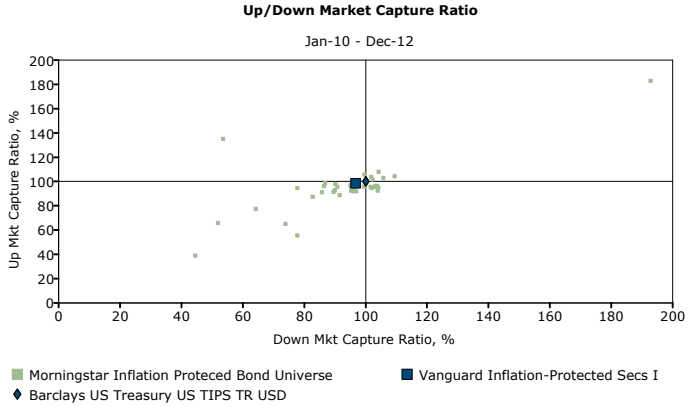


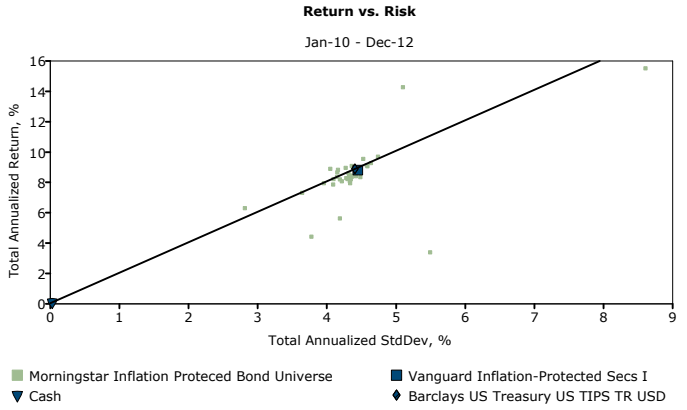
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Inflation-Protected Secs I	8.00	8.25	2.78	0.46	11.82	-2.81	11.03	6.33	13.39	6.87
Barclays US Treasury US TIPS TR USD	8.40	8.46	2.84	0.41	11.64	-2.35	11.41	6.31	13.56	6.98



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Inflation-Protected Secs I	-0.12	1.01	99.03	1.90	4.45	0.44
Barclays US Treasury US TIPS TR USD	0.00	1.00	100.00	1.94	4.40	0.00
Universe(5%)	0.94	1.03	99.19	2.12	5.18	3.28
Universe(25%)	0.40	1.00	98.72	1.96	4.42	1.33
Universe(Median)	0.01	0.97	98.07	1.89	4.33	0.64
Universe(75%)	-0.39	0.92	91.88	1.84	4.16	0.51
Universe(95%)	-1.20	0.63	69.31	1.27	3.75	0.40



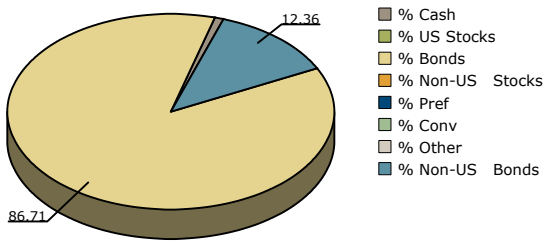




Milliman | Quarterly Investment Monitor

Data as of 12/31/2012

Vanguard Long-Term Bond Index I



Portfolio Region	
% United States	NA
% Canada	NA
% Latin America	NA
% United Kingdom	NA
% Eurozone	NA
% Europe - ex Euro	NA
% Europe - Emerging	NA
% Africa	NA
% Middle East	NA
% Japan	NA
% Australasia	NA
% Asia - Developed	NA
% Asia - Emerging	NA

Portfolio Structure	
% Cash	0.90
% US Stocks	0.00
% Bonds	86.71
% Non-US Stocks	0.00
% Pref	0.03
% Conv	0.00
% Other	0.00
% Non-US Bonds	12.36

Sector Allocation	
% Basic Materials	NA
% Communication Services	NA
% Consumer Cyclical	NA
% Consumer Defensive	NA
% Healthcare	NA
% Industrials	NA
% Real Estate	NA
% Technology	NA
% Energy	NA
% Financial Services	NA
% Utilities	NA

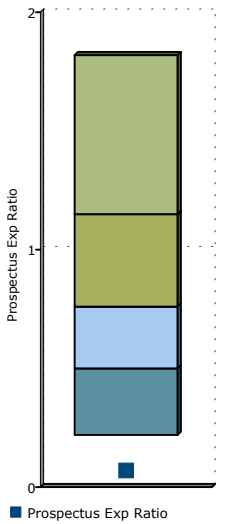
Credit Quality	
Avg Eff Duration	14.79
Effective Maturity	24.10
Avg Credit Quality	A
US Govt/ Agency	NA
AAA	43.45
AA	7.27
A	23.60
BBB	25.68
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Top Ten Holdings	
US Treasury Bond 4.375%	3.25%
US Treasury Bond 4.25%	2.73%
US Treasury Bond 3%	2.55%
US Treasury Bond 4.375%	2.42%
US Treasury Bond 3.125%	2.36%
US Treasury Bond 4.5%	2.27%
US Treasury Bond 4.375%	2.16%
US Treasury Bond 4.75%	2.16%
US Treasury Bond 4.625%	1.96%
US Treasury Bond 4.25%	1.86%

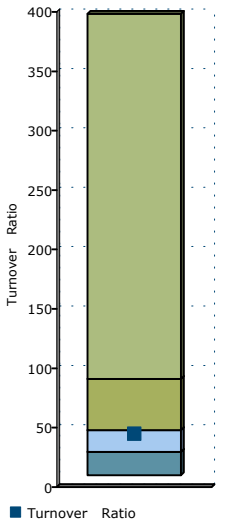
Portfolio Information	
Ticker	VBLLX
Morningstar Category	Long-term Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	45740.49
Net Assets $MM	5709.27
Turnover Ratio	45.00
% Assets in Top 10 Holdings	23.73
Total Number of Holdings	1385.00
Manager Name	Gregory Davis
Manager Tenure	4.69
Fund Incept Date	03/01/1994
Prospectus Exp Ratio	0.07
Phone Number	800-662-7447
Closed to New Investors	No

Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	29
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	42
10 Year Mstar Rating	★★★
% Rank Cat 10 Yr	50

Expense Ratio vs. Peer Group



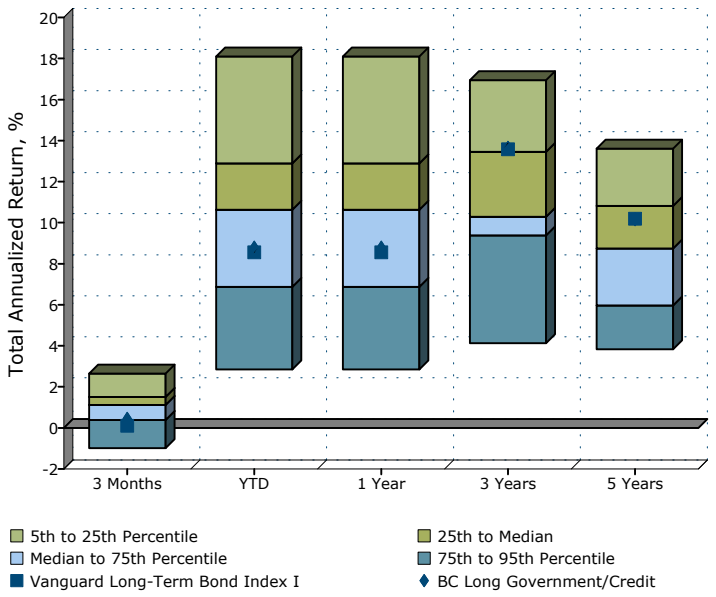
Turnover Ratio vs. Peer Group



Investment Strategy Summary

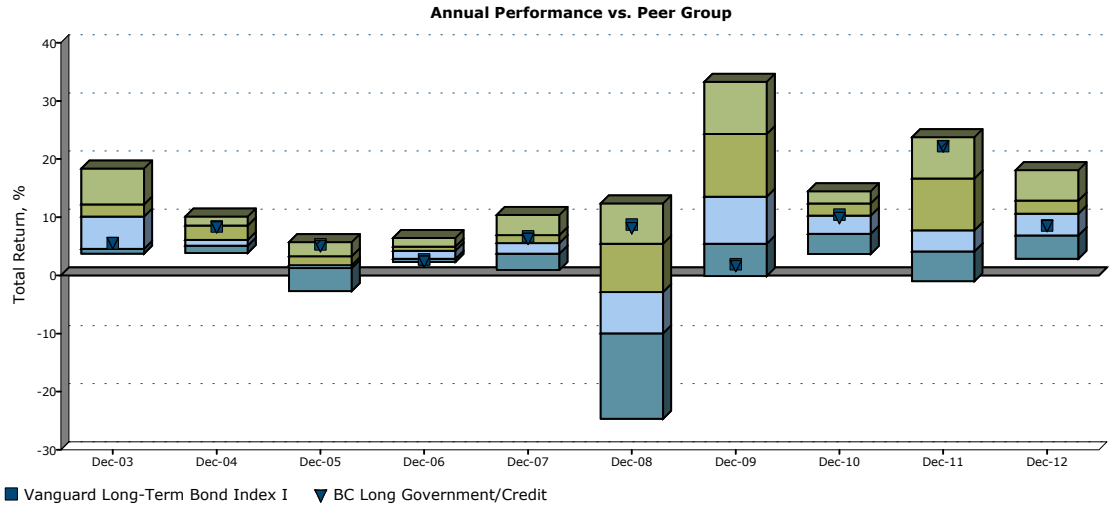
The investment seeks to track the performance of a market-weighted bond index with a long-term dollar-weighted average maturity. The fund employs an indexing investment approach designed to track the performance of the Barclays Capital U.S. Long Government/Credit Float Adjusted Index. It invests at least 80% of assets in bonds held in the index. The fund maintains a dollar-weighted average maturity consistent with that of the index, which generally ranges between 15 and 30 years.

Performance vs. Peer Group

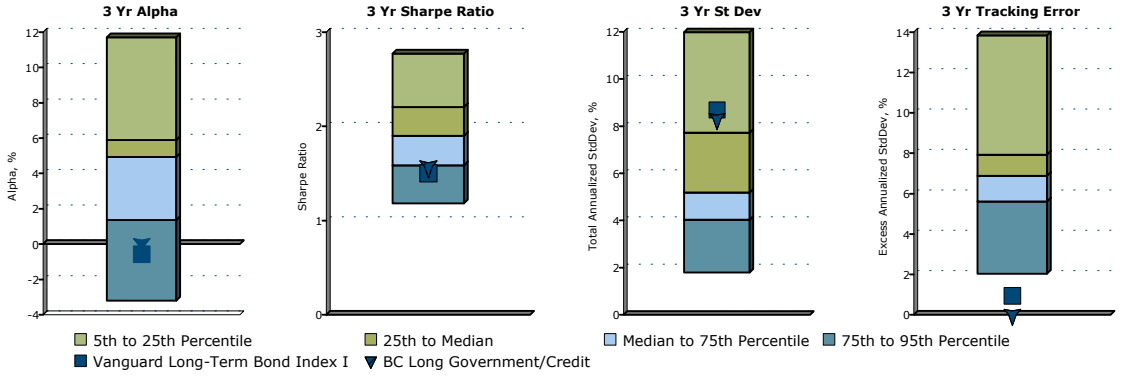


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Long-Term Bond Index I	0.11	8.55	8.55	13.58	10.19
BC Long Government/Credit	0.45	8.78	8.78	13.65	10.16
Universe(5%)	2.64	18.09	18.09	16.94	13.61
Universe(25%)	1.51	12.89	12.89	13.45	10.82
Universe(Median)	1.12	10.63	10.63	10.28	8.74
Universe(75%)	0.38	6.87	6.87	9.39	5.96
Universe(95%)	-0.99	2.85	2.85	4.12	3.84

Vanguard Long-Term Bond Index I

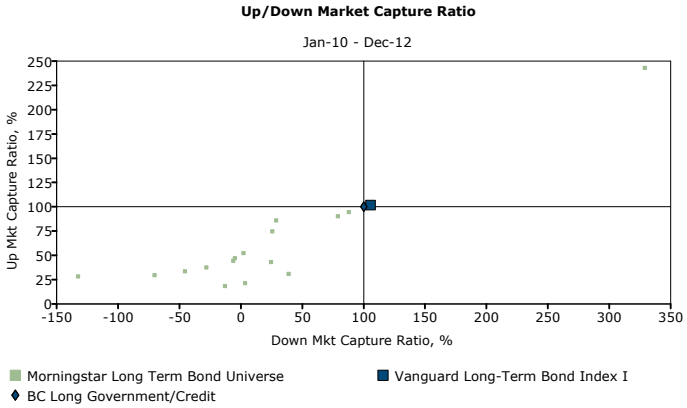


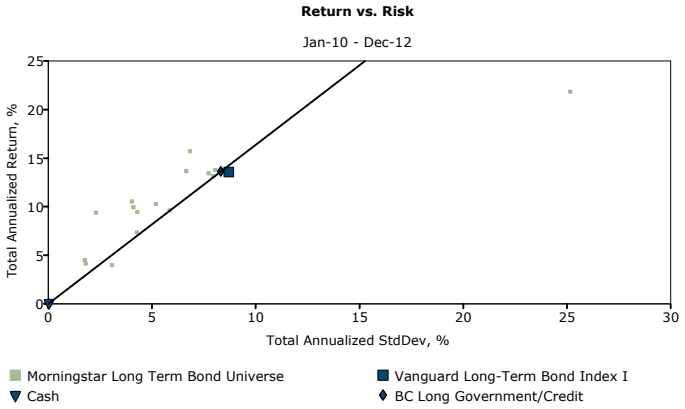
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Long-Term Bond Index I	5.50	8.40	5.32	2.75	6.71	8.77	1.91	10.43	22.23	8.55
BC Long Government/Credit	5.87	8.56	5.33	2.71	6.60	8.44	1.92	10.16	22.49	8.78



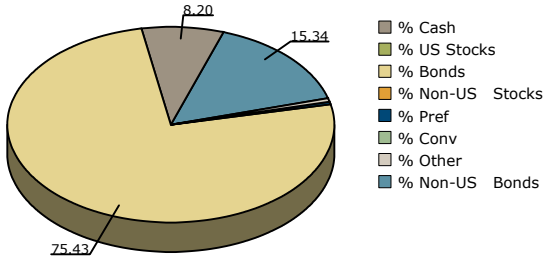
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Long-Term Bond Index I	-0.57	1.04	98.99	1.50	8.69	0.94
BC Long Government/Credit	0.00	1.00	100.00	1.57	8.31	0.00
Universe(5%)	11.71	1.38	93.72	2.77	11.98	13.84
Universe(25%)	5.90	0.68	78.47	2.21	7.72	7.92
Universe(Median)	4.94	0.33	46.93	1.90	5.18	6.87
Universe(75%)	1.36	0.13	25.61	1.59	4.03	5.61
Universe(95%)	-3.21	-0.09	1.20	1.18	1.80	2.03







PIMCO Long Duration Total Return Instl



Portfolio Region	
% United States	100.00
% Canada	0.00
% Latin America	0.00
% United Kingdom	0.00
% Eurozone	0.00
% Europe - ex Euro	0.00
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	8.20
% US Stocks	0.00
% Bonds	75.43
% Non-US Stocks	0.00
% Pref	0.43
% Conv	0.00
% Other	0.59
% Non-US Bonds	15.34

Sector Allocation	
% Basic Materials	0.00
% Communication Services	0.00
% Consumer Cyclical	0.00
% Consumer Defensive	0.00
% Healthcare	0.00
% Industrials	0.00
% Real Estate	0.00
% Technology	0.00
% Energy	0.00
% Financial Services	100.00
% Utilities	0.00

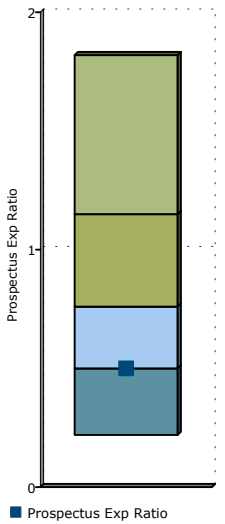
Credit Quality	
Avg Eff Duration	13.42
Effective Maturity	21.94
Avg Credit Quality	NA
US Govt/ Agency	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
US Treasury Bond 4.375%	6.49%
US Treasury Bond 4.25%	3.52%
US Treasury Bond 5.375%	2.39%
US Treasury Bond 3.125%	2.08%
Quebec Prov Cda 5.75%	1.80%
U S Treas Bd Stripped Prin Pmt	1.77%
Resolution Fdg Fed Bk Prin Stp	1.67%
Resolution Fdg Fed Bk Prin Stp	1.63%
AID 5.5%	1.50%
FNMA	1.35%

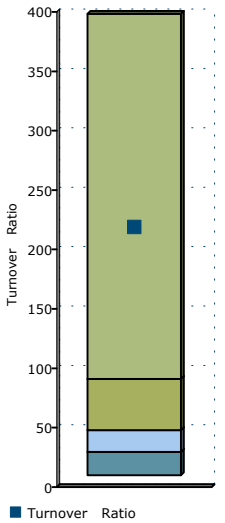
Portfolio Information	
Ticker	PLRIX
Morningstar Category	Long-term Bond
Avg Mkt Cap $MM	56676.85
Cat Med Mkt Cap $MM	45740.49
Net Assets $MM	6107.08
Turnover Ratio	219.00
% Assets in Top 10 Holdings	24.20
Total Number of Holdings	852.00
Manager Name	Stephen Rodosky
Manager Tenure	5.42
Fund Incept Date	08/31/2006
Prospectus Exp Ratio	0.50
Phone Number	888-877-4626
Closed to New Investors	No

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	35
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	17
10 Year Mstar Rating	NA
% Rank Cat 10 Yr	NA

Expense Ratio vs. Peer Group



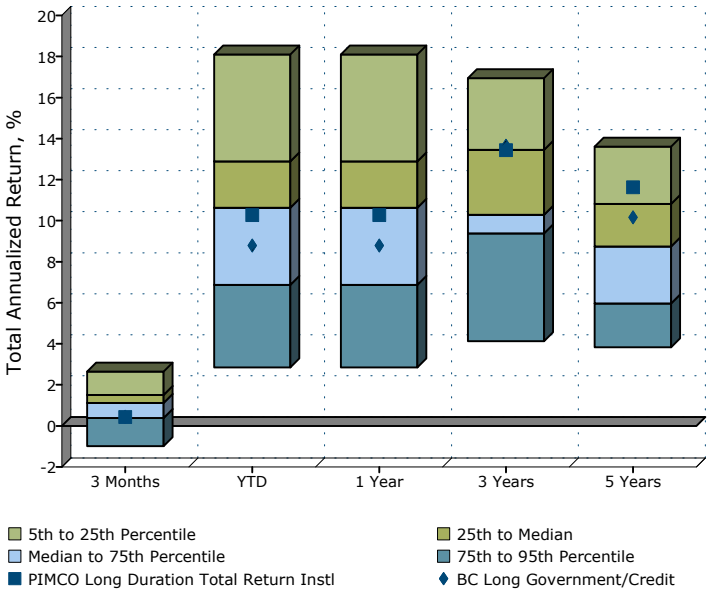
Turnover Ratio vs. Peer Group



Investment Strategy Summary

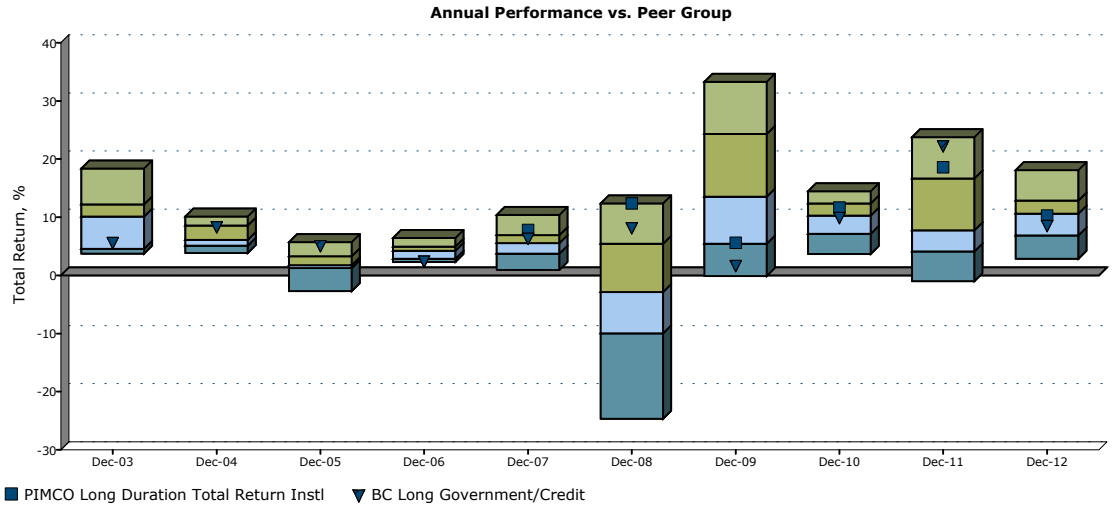
The investment seeks maximum total return, consistent with prudent investment management. The fund invests at least 65% of its total assets in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. It invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in high yield securities ("junk bonds") that are rated B or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality.

Performance vs. Peer Group

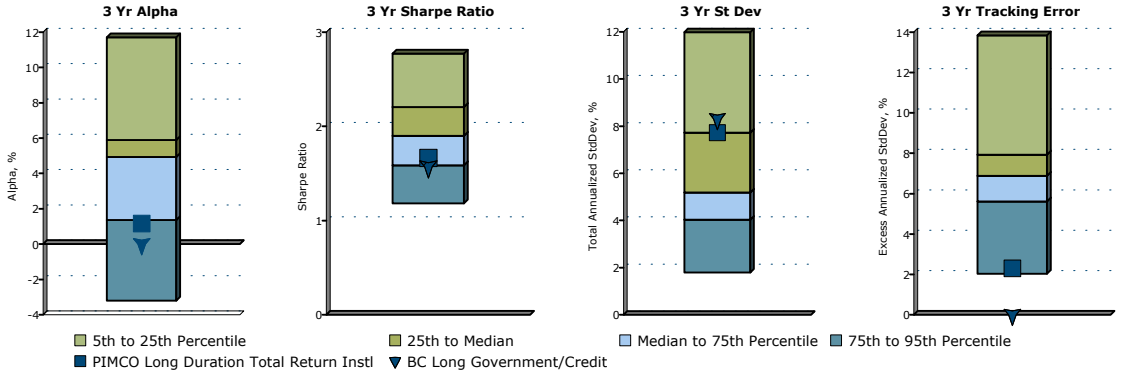


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
PIMCO Long Duration Total Return Instl	0.44	10.28	10.28	13.44	11.62
BC Long Government/Credit	0.45	8.78	8.78	13.65	10.16
Universe(5%)	2.64	18.09	18.09	16.94	13.61
Universe(25%)	1.51	12.89	12.89	13.45	10.82
Universe(Median)	1.12	10.63	10.63	10.28	8.74
Universe(75%)	0.38	6.87	6.87	9.39	5.96
Universe(95%)	-0.99	2.85	2.85	4.12	3.84

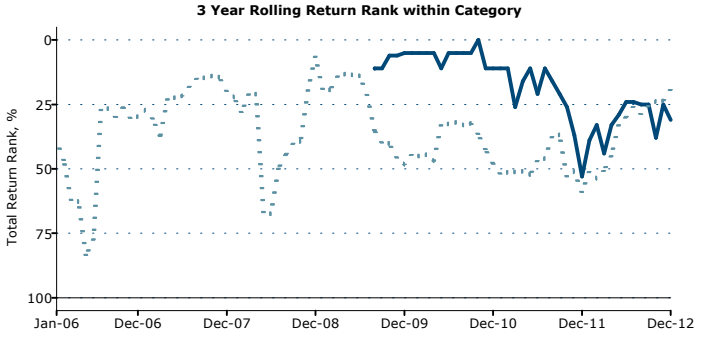
PIMCO Long Duration Total Return Instl

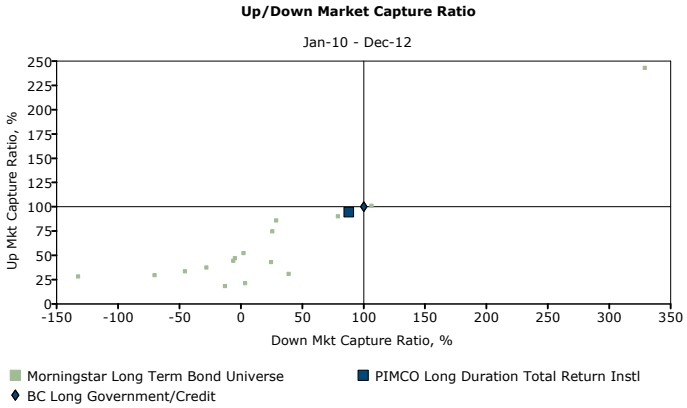


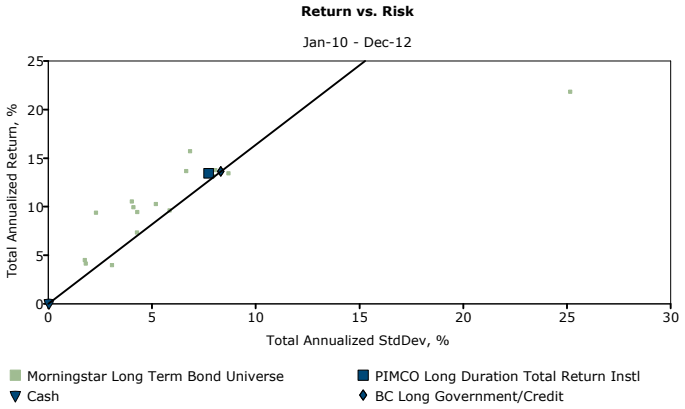
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
PIMCO Long Duration Total Return Instl	NA	NA	NA	NA	7.83	12.38	5.62	11.64	18.57	10.28
BC Long Government/Credit	5.87	8.56	5.33	2.71	6.60	8.44	1.92	10.16	22.49	8.78



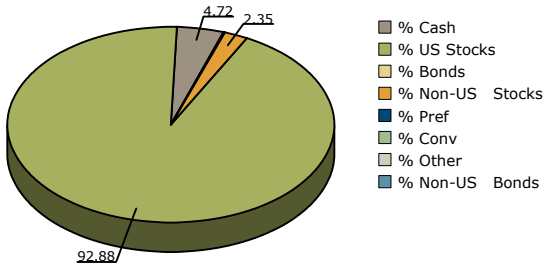
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
PIMCO Long Duration Total Return Instl	1.16	0.89	92.40	1.66	7.72	2.30
BC Long Government/Credit	0.00	1.00	100.00	1.57	8.31	0.00
Universe(5%)	11.71	1.38	93.72	2.77	11.98	13.84
Universe(25%)	5.90	0.68	78.47	2.21	7.72	7.92
Universe(Median)	4.94	0.33	46.93	1.90	5.18	6.87
Universe(75%)	1.36	0.13	25.61	1.59	4.03	5.61
Universe(95%)	-3.21	-0.09	1.20	1.18	1.80	2.03







Target Small Capitalization Value T



Portfolio Region	
% United States	97.54
% Canada	1.14
% Latin America	0.43
% United Kingdom	0.03
% Eurozone	0.63
% Europe - ex Euro	0.00
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.24
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	4.72
% US Stocks	92.88
% Bonds	0.00
% Non-US Stocks	2.35
% Pref	0.00
% Conv	0.00
% Other	0.05
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	8.09
% Communication Services	0.50
% Consumer Cyclical	11.87
% Consumer Defensive	4.94
% Healthcare	7.75
% Industrials	23.29
% Real Estate	5.78
% Technology	8.71
% Energy	6.39
% Financial Services	17.88
% Utilities	4.80

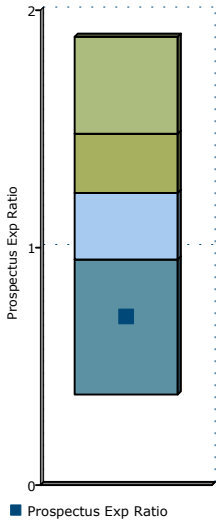
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
US Govt/ Agency	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Aaron's, Inc.	1.28%
Bristow Group, Inc.	1.17%
Amerigroup Corporation	1.06%
Teleflex Inc.	0.95%
PVH Corp	0.83%
Valmont Industries, Inc.	0.80%
Hexcel Corporation	0.80%
Silgan Holdings, Inc.	0.79%
Raymond James Financial Inc	0.79%
Trustmark Corporation	0.77%

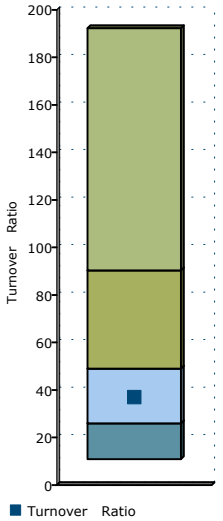
Portfolio Information	
Ticker	TASVX
Morningstar Category	Small Value
Avg Mkt Cap $MM	1851.62
Cat Med Mkt Cap $MM	1302.61
Net Assets $MM	1219.57
Turnover Ratio	37.00
% Assets in Top 10 Holdings	9.22
Total Number of Holdings	666.00
Manager Name	Morley D. Campbell
Manager Tenure	4.25
Fund Incept Date	01/05/1993
Prospectus Exp Ratio	0.71
Phone Number	800-225-1852
Closed to New Investors	No

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	39
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	30
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	7

Expense Ratio vs. Peer Group



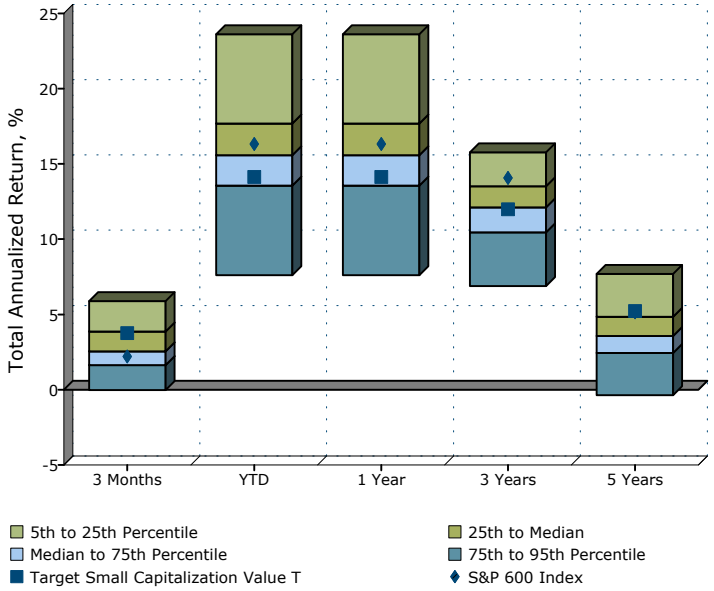
Turnover Ratio vs. Peer Group



Investment Strategy Summary

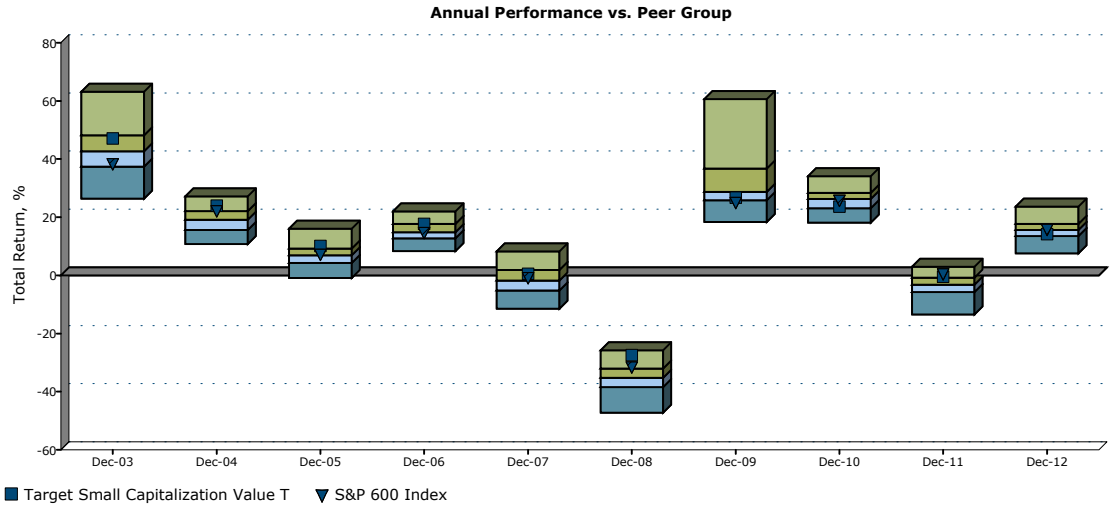
The investment seeks above-average capital appreciation. The fund normally invests at least 80% of investable assets in common stocks of small companies. Small companies are those companies with market capitalizations comparable to those in the Russell 2000 Value Index. It invests in stocks of small companies that the advisor believe are undervalued and have an above-average potential to increase in price, given the company's sales, earnings, book value, cash flow and recent performance.

Performance vs. Peer Group

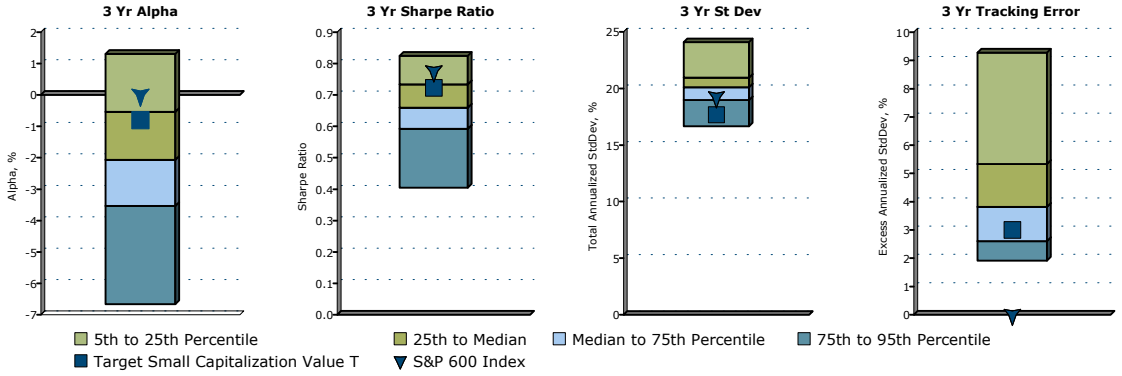


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Target Small Capitalization Value T	3.75	14.14	14.14	11.98	5.24
S&P 600 Index	2.22	16.33	16.33	14.07	5.14
Universe(5%)	5.89	23.61	23.61	15.78	7.69
Universe(25%)	3.87	17.70	17.70	13.53	4.84
Universe(Median)	2.55	15.58	15.58	12.12	3.58
Universe(75%)	1.63	13.57	13.57	10.46	2.44
Universe(95%)	-0.02	7.60	7.60	6.88	-0.37

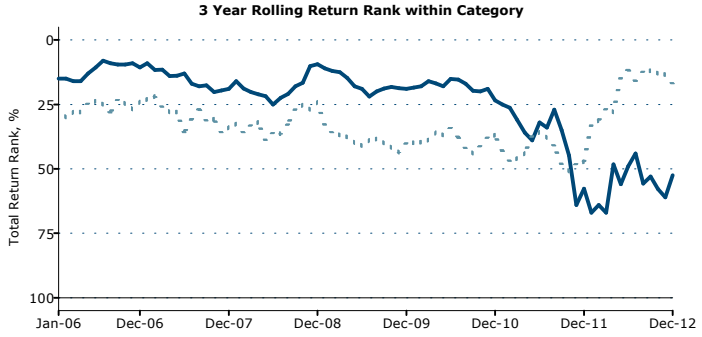
Target Small Capitalization Value T

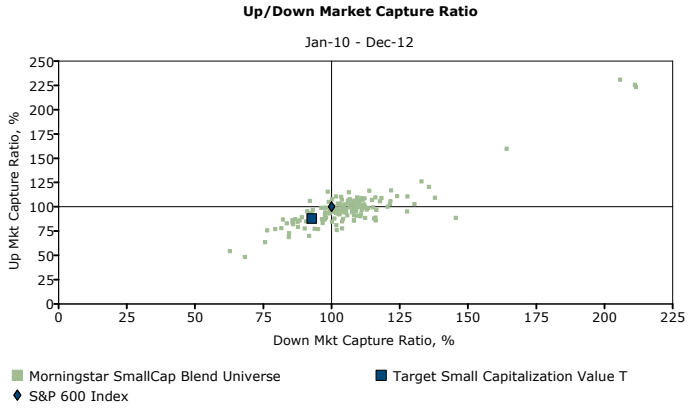


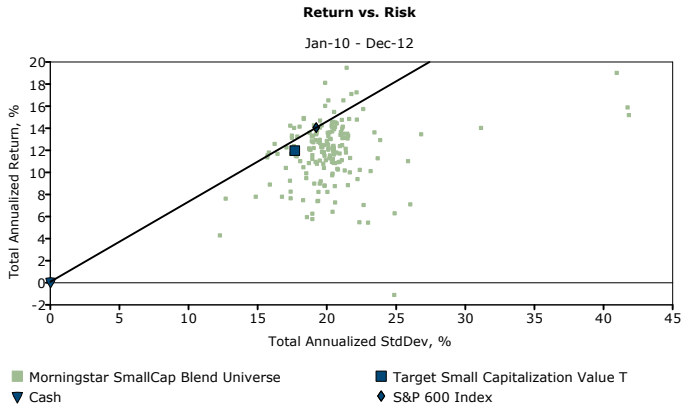
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Target Small Capitalization Value T	47.10	24.02	10.10	17.72	0.52	-27.45	26.69	23.63	-0.48	14.14
S&P 600 Index	38.79	22.65	7.68	15.12	-0.30	-31.07	25.57	26.31	1.02	16.33



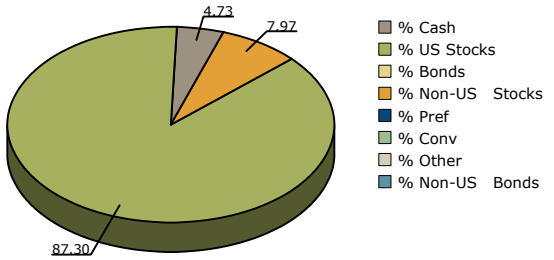
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Target Small Capitalization Value T	-0.80	0.91	98.06	0.72	17.68	3.00
S&P 600 Index	0.00	1.00	100.00	0.78	19.22	0.00
Universe(5%)	1.30	1.19	99.44	0.82	24.10	9.28
Universe(25%)	-0.54	1.07	98.52	0.73	20.95	5.33
Universe(Median)	-2.06	1.02	97.09	0.66	20.11	3.81
Universe(75%)	-3.54	0.98	94.49	0.59	18.98	2.60
Universe(95%)	-6.66	0.82	86.17	0.40	16.67	1.92







Vanguard Equity-Income Adm



Portfolio Region	
% United States	91.63
% Canada	0.59
% Latin America	0.00
% United Kingdom	3.87
% Eurozone	1.57
% Europe - ex Euro	2.35
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	4.73
% US Stocks	87.30
% Bonds	0.00
% Non-US Stocks	7.97
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	2.93
% Communication Services	4.89
% Consumer Cyclical	7.08
% Consumer Defensive	15.73
% Healthcare	13.24
% Industrials	13.73
% Real Estate	0.02
% Technology	8.94
% Energy	13.43
% Financial Services	12.97
% Utilities	7.01

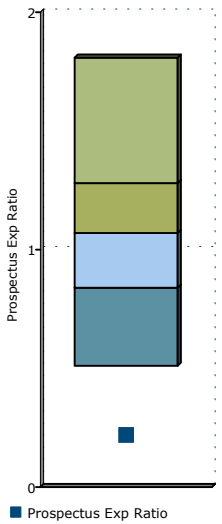
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
US Govt/ Agency	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Exxon Mobil Corporation	4.45%
Chevron Corp	4.08%
Merck & Co Inc	3.45%
Johnson & Johnson	3.24%
Pfizer Inc	3.19%
AT&T Inc	3.16%
General Electric Co	2.88%
JPMorgan Chase & Co	2.60%
Philip Morris International, Inc.	2.53%
Microsoft Corporation	2.40%

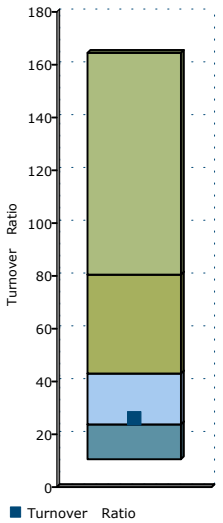
Portfolio Information	
Ticker	VEIRX
Morningstar Category	Large Value
Avg Mkt Cap $MM	63785.05
Cat Med Mkt Cap $MM	42144.86
Net Assets $MM	9690.30
Turnover Ratio	26.00
% Assets in Top 10 Holdings	31.97
Total Number of Holdings	162.00
Manager Name	W. Michael Reckmeyer III
Manager Tenure	5.01
Fund Incept Date	03/21/1988
Prospectus Exp Ratio	0.22
Phone Number	800-662-7447
Closed to New Investors	No

Portfolio Ratings	
Mstar Rating	★★★★★
3 Year Mstar Rating	★★★★★
% Rank Cat 3 Yr	2
5 Year Mstar Rating	★★★★★
% Rank Cat 5 Yr	7
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	8

Expense Ratio vs. Peer Group



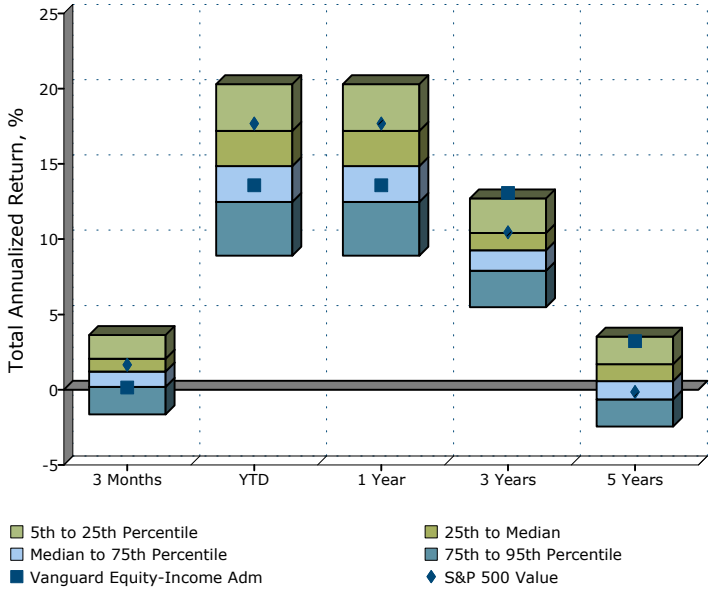
Turnover Ratio vs. Peer Group



Investment Strategy Summary

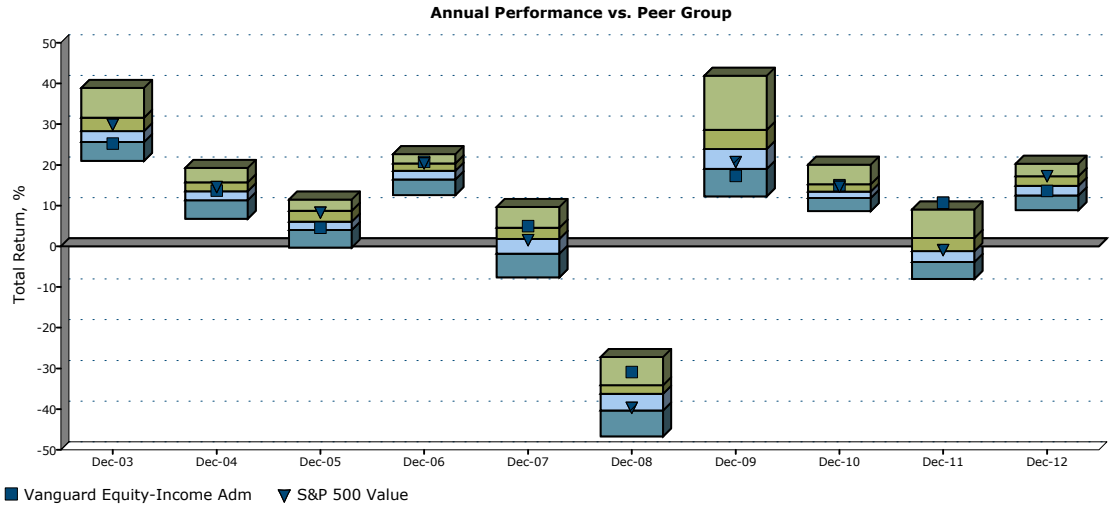
The investment seeks an above-average level of current income and reasonable capital appreciation. The fund primarily invests in common stocks of medium-sized and large companies whose stocks pay above-average levels of dividend income and are considered to have the potential for capital appreciation. In addition, the advisors generally look for companies that they believe are committed to paying dividends consistently. The fund invests at least 80% of its assets in stocks. It uses multiple investment advisors.

Performance vs. Peer Group

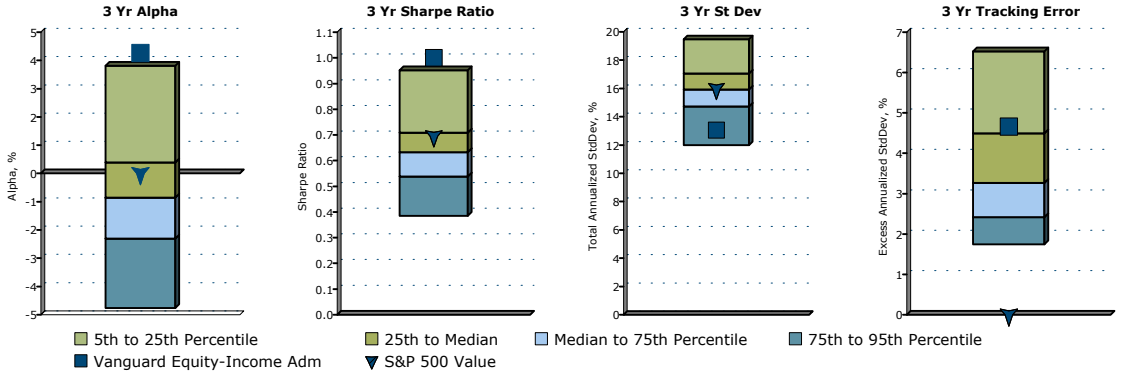


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Equity-Income Adm	0.14	13.58	13.58	13.07	3.22
S&P 500 Value	1.64	17.68	17.68	10.47	-0.15
Universe(5%)	3.64	20.29	20.29	12.72	3.53
Universe(25%)	2.07	17.19	17.19	10.42	1.70
Universe(Median)	1.21	14.86	14.86	9.26	0.58
Universe(75%)	0.19	12.47	12.47	7.90	-0.64
Universe(95%)	-1.64	8.91	8.91	5.49	-2.44

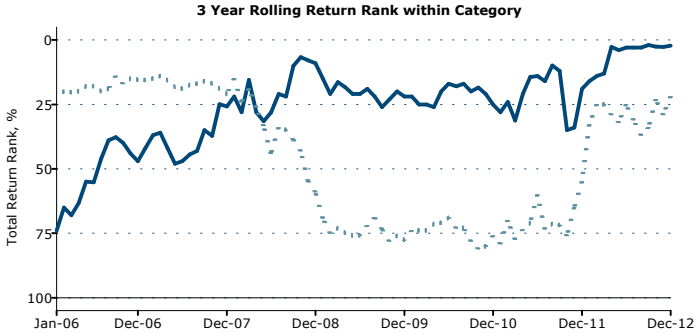
Vanguard Equity-Income Adm

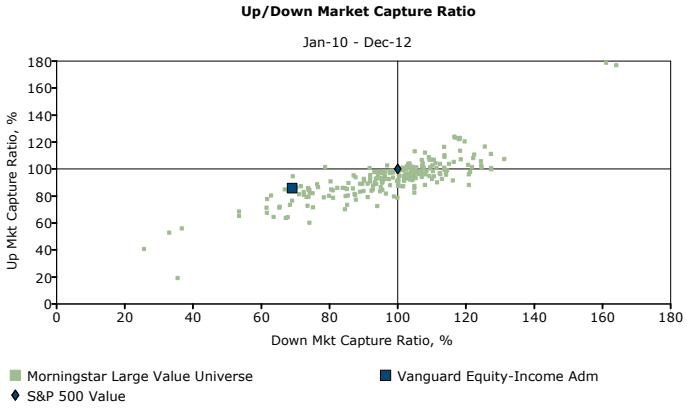


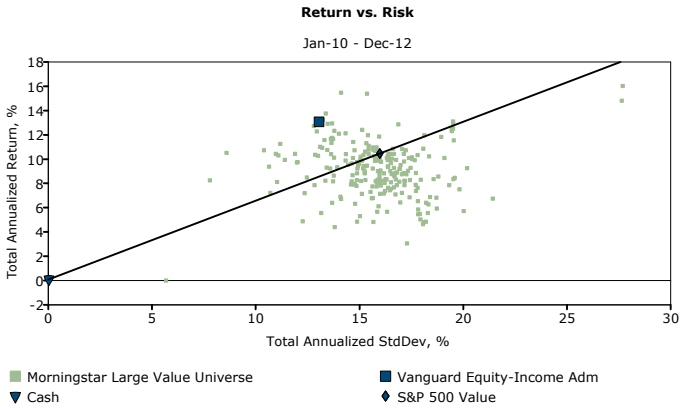
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Equity-Income Adm	25.24	13.69	4.52	20.77	4.99	-30.86	17.26	14.99	10.69	13.58
S&P 500 Value	30.36	15.03	8.71	20.80	1.99	-39.22	21.18	15.10	-0.48	17.68



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Equity-Income Adm	4.26	0.79	93.81	1.00	13.05	4.66
S&P 500 Value	0.00	1.00	100.00	0.70	15.98	0.00
Universe(5%)	3.81	1.20	98.94	0.95	19.48	6.52
Universe(25%)	0.39	1.05	98.13	0.71	17.05	4.49
Universe(Median)	-0.86	0.98	96.87	0.63	15.92	3.27
Universe(75%)	-2.31	0.90	94.28	0.54	14.73	2.42
Universe(95%)	-4.76	0.72	89.14	0.39	11.99	1.74



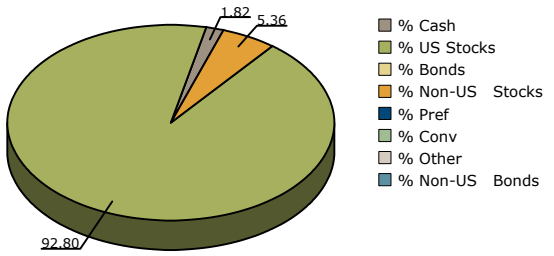




Milliman | Quarterly Investment Monitor

Data as of 12/31/2012

Vanguard Morgan Growth Adm



Portfolio Region	
% United States	94.53
% Canada	1.12
% Latin America	0.00
% United Kingdom	0.67
% Eurozone	1.02
% Europe - ex Euro	1.30
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.33
% Japan	0.00
% Australasia	0.19
% Asia - Developed	0.28
% Asia - Emerging	0.55

Portfolio Structure	
% Cash	1.82
% US Stocks	92.80
% Bonds	0.00
% Non-US Stocks	5.36
% Pref	0.00
% Conv	0.00
% Other	0.02
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	3.39
% Communication Services	2.67
% Consumer Cyclical	15.28
% Consumer Defensive	9.21
% Healthcare	13.46
% Industrials	11.27
% Real Estate	1.08
% Technology	32.76
% Energy	6.55
% Financial Services	4.32
% Utilities	0.00

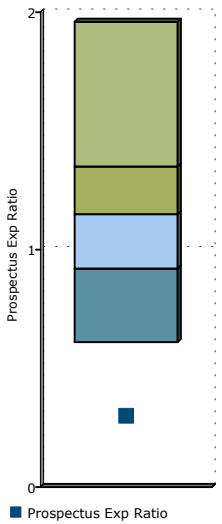
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
US Govt/ Agency	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Apple Inc	6.77%
Google, Inc. Class A	2.44%
Cisco Systems Inc	2.39%
International Business Machines Corp	2.29%
Microsoft Corporation	2.26%
Philip Morris International, Inc.	1.51%
EMC Corporation	1.47%
Coca-Cola Co	1.44%
Amazon.com Inc	1.30%
Wal-Mart Stores Inc	1.29%

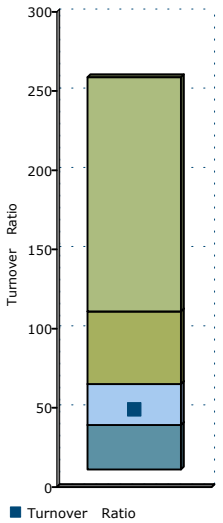
Portfolio Information	
Ticker	VMRAX
Morningstar Category	Large Growth
Avg Mkt Cap $MM	33465.64
Cat Med Mkt Cap $MM	39385.49
Net Assets $MM	8717.05
Turnover Ratio	49.00
% Assets in Top 10 Holdings	23.15
Total Number of Holdings	323.00
Manager Name	Ford B. Draper Jr.
Manager Tenure	4.10
Fund Incept Date	12/31/1968
Prospectus Exp Ratio	0.30
Phone Number	800-662-7447
Closed to New Investors	No

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	32
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	47
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	27

Expense Ratio vs. Peer Group



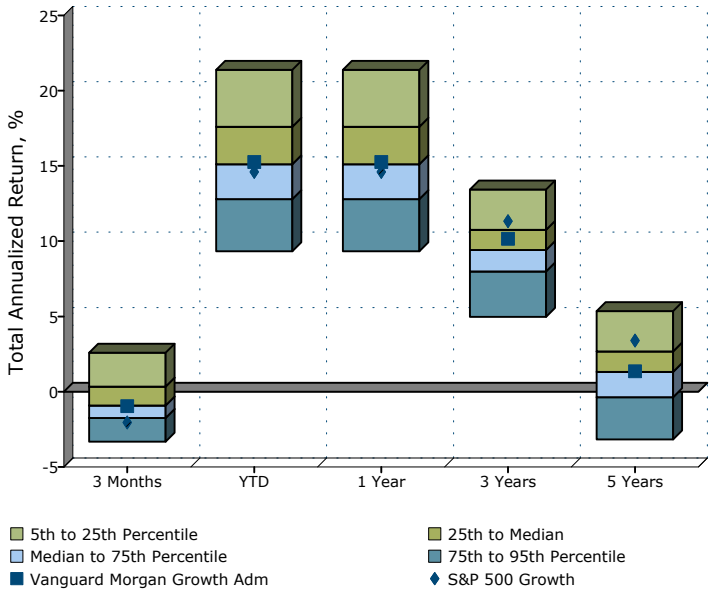
Turnover Ratio vs. Peer Group



Investment Strategy Summary

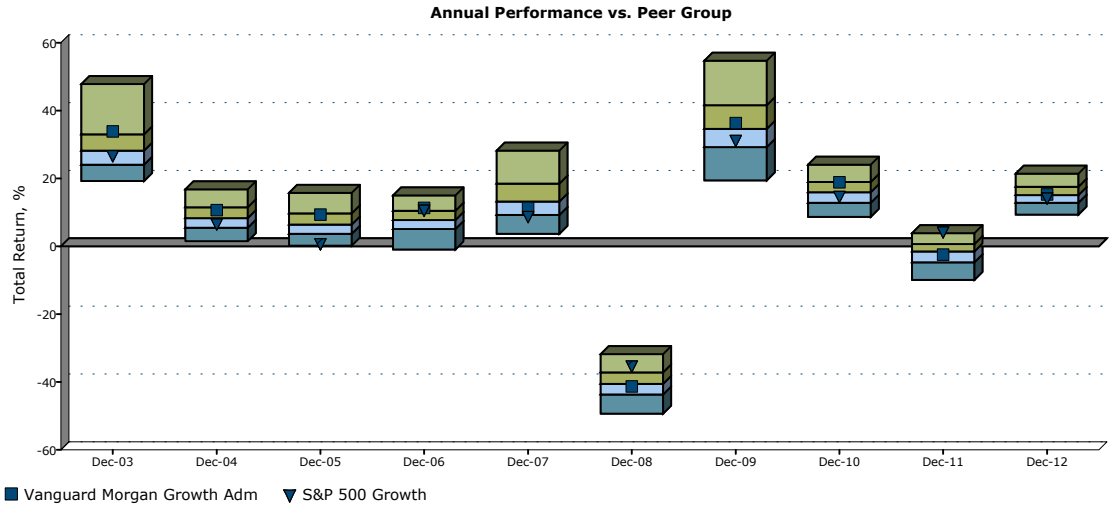
The investment seeks long-term growth of capital. The fund invests mainly in the stocks of mid- and large-capitalization U.S. companies whose revenues and/or earnings are expected to grow faster than those of the average company in the market. It uses multiple investment advisors.

Performance vs. Peer Group

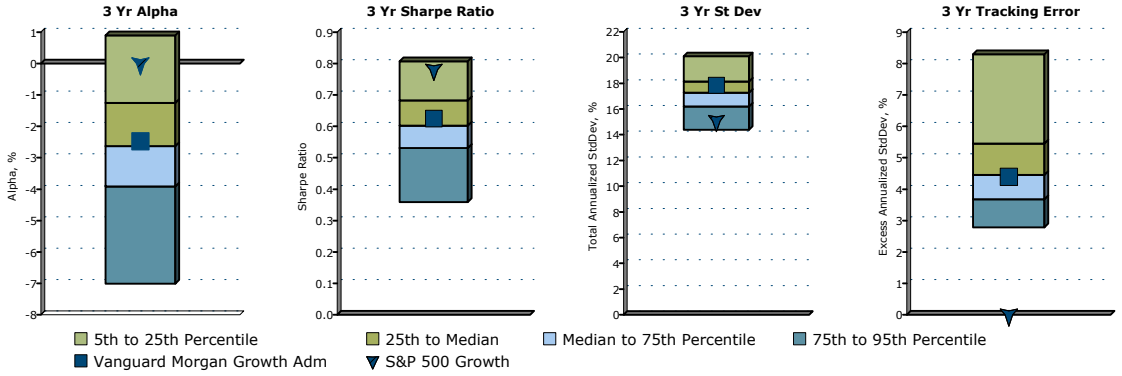


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Morgan Growth Adm	-0.95	15.25	15.25	10.17	1.35
S&P 500 Growth	-2.04	14.61	14.61	11.33	3.39
Universe(5%)	2.59	21.38	21.38	13.43	5.35
Universe(25%)	0.33	17.59	17.59	10.76	2.68
Universe(Median)	-0.92	15.11	15.11	9.42	1.31
Universe(75%)	-1.75	12.80	12.80	8.00	-0.36
Universe(95%)	-3.32	9.32	9.32	4.96	-3.17

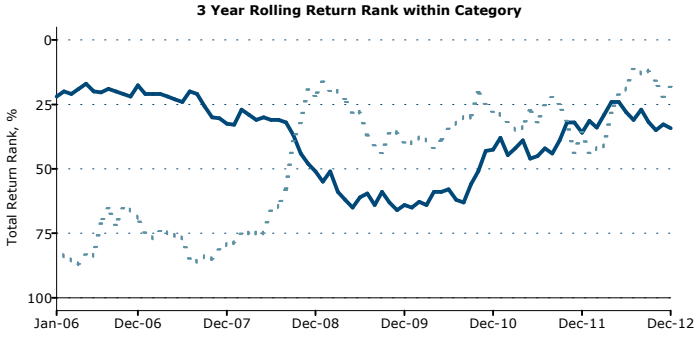
Vanguard Morgan Growth Adm

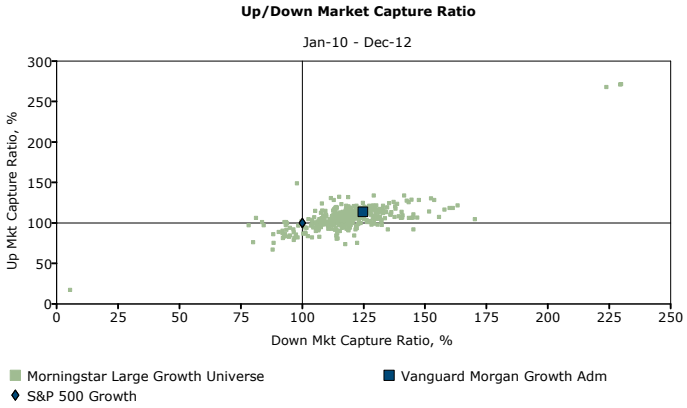


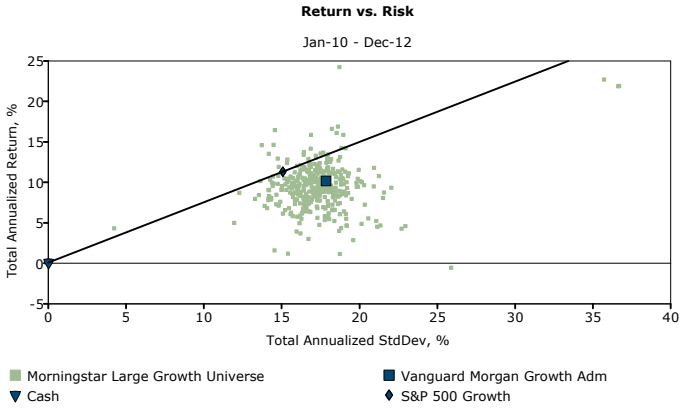
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Morgan Growth Adm	33.91	10.61	9.32	11.32	11.36	-41.33	36.31	18.90	-2.42	15.25
S&P 500 Growth	27.08	6.97	1.14	11.01	9.13	-34.92	31.57	15.05	4.65	14.61



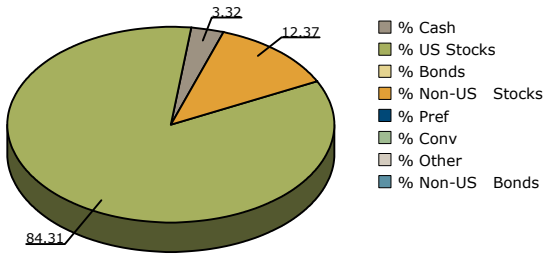
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Morgan Growth Adm	-2.48	1.16	95.71	0.62	17.84	4.40
S&P 500 Growth	0.00	1.00	100.00	0.78	15.08	0.00
Universe(5%)	0.90	1.27	97.30	0.81	20.11	8.30
Universe(25%)	-1.26	1.16	95.93	0.68	18.13	5.45
Universe(Median)	-2.63	1.11	94.54	0.60	17.28	4.46
Universe(75%)	-3.91	1.05	92.22	0.53	16.21	3.68
Universe(95%)	-7.02	0.92	85.79	0.36	14.39	2.78







Vanguard PRIMECAP Inv



Portfolio Region	
% United States	87.21
% Canada	2.69
% Latin America	0.38
% United Kingdom	0.91
% Eurozone	0.81
% Europe - ex Euro	7.61
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.40
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	3.32
% US Stocks	84.31
% Bonds	0.00
% Non-US Stocks	12.37
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	3.74
% Communication Services	2.62
% Consumer Cyclical	5.32
% Consumer Defensive	1.20
% Healthcare	31.83
% Industrials	13.38
% Real Estate	0.03
% Technology	30.94
% Energy	4.91
% Financial Services	5.83
% Utilities	0.21

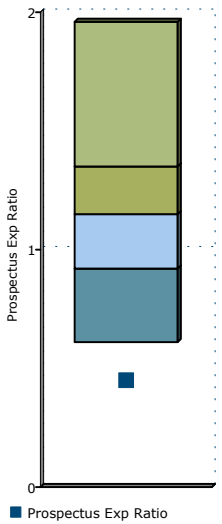
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
US Govt/ Agency	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Amgen Inc	6.27%
Biogen Idec Inc	6.03%
Google, Inc. Class A	4.46%
Eli Lilly and Company	3.94%
Roche Holding AG	3.71%
FedEx Corporation	3.53%
Microsoft Corporation	3.47%
Texas Instruments, Inc.	3.10%
Novartis AG ADR	3.06%
Medtronic, Inc.	2.92%

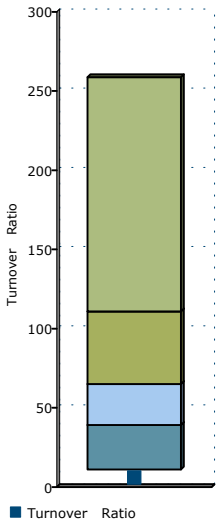
Portfolio Information	
Ticker	VPMCX
Morningstar Category	Large Growth
Avg Mkt Cap $MM	45385.05
Cat Med Mkt Cap $MM	39385.49
Net Assets $MM	29253.78
Turnover Ratio	6.00
% Assets in Top 10 Holdings	40.50
Total Number of Holdings	122.00
Manager Name	Joel P. Fried
Manager Tenure	24.02
Fund Incept Date	11/01/1984
Prospectus Exp Ratio	0.45
Phone Number	800-662-7447
Closed to New Investors	Yes

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	65
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	16
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	8

Expense Ratio vs. Peer Group



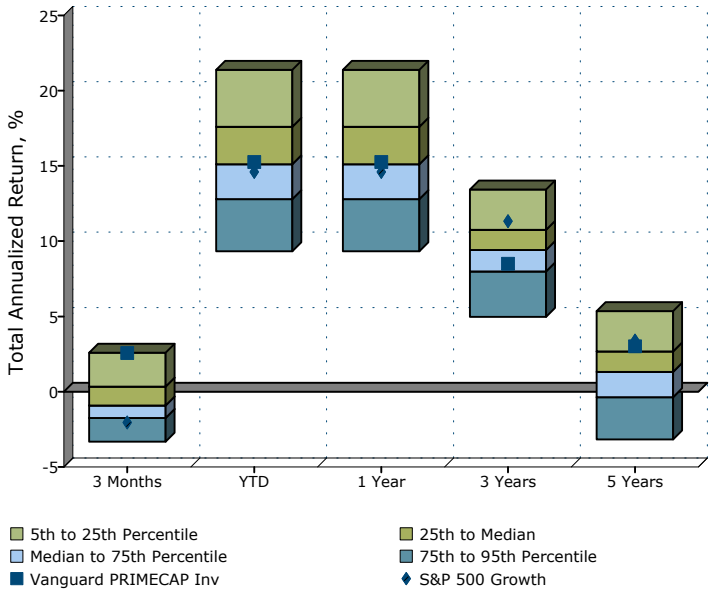
Turnover Ratio vs. Peer Group



Investment Strategy Summary

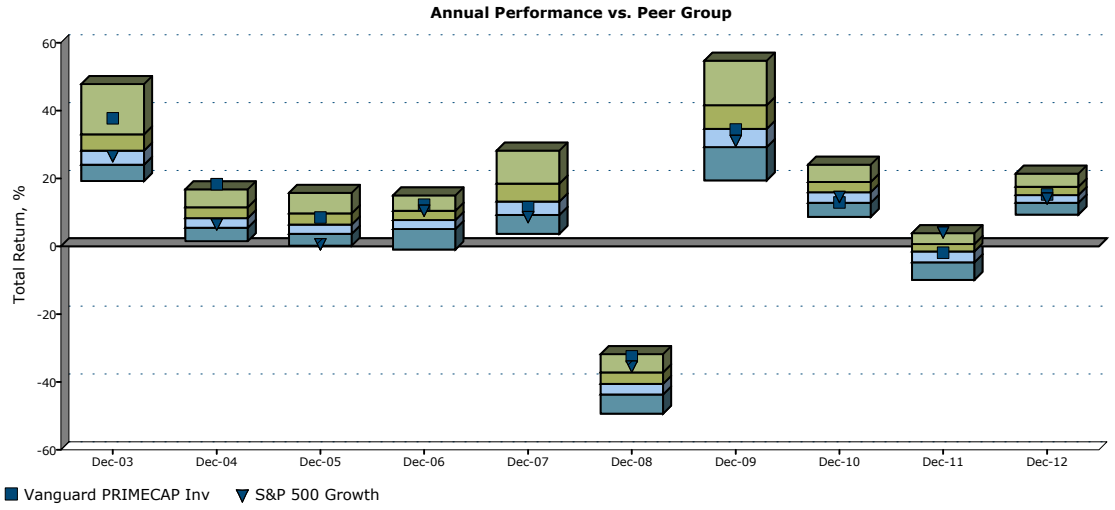
The investment seeks long-term capital appreciation. The fund invests in stocks considered to have above-average earnings growth potential that is not reflected in their current market prices. Its portfolio consists predominantly of large- and mid-capitalization stocks.

Performance vs. Peer Group

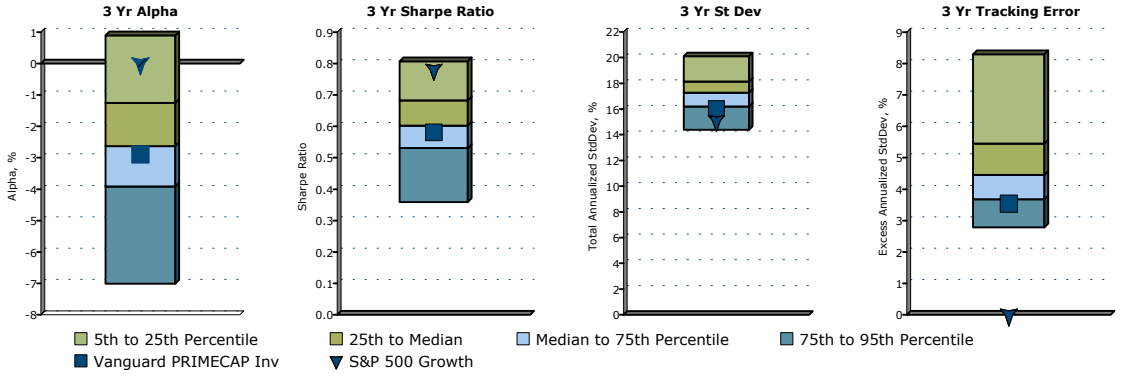


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard PRIMECAP Inv	2.56	15.27	15.27	8.50	3.03
S&P 500 Growth	-2.04	14.61	14.61	11.33	3.39
Universe(5%)	2.59	21.38	21.38	13.43	5.35
Universe(25%)	0.33	17.59	17.59	10.76	2.68
Universe(Median)	-0.92	15.11	15.11	9.42	1.31
Universe(75%)	-1.75	12.80	12.80	8.00	-0.36
Universe(95%)	-3.32	9.32	9.32	4.96	-3.17

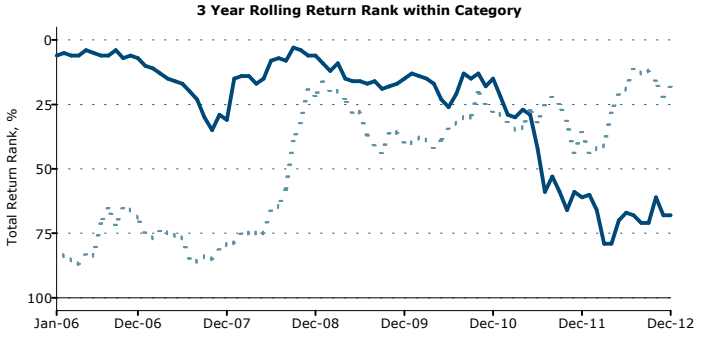
Vanguard PRIMECAP Inv

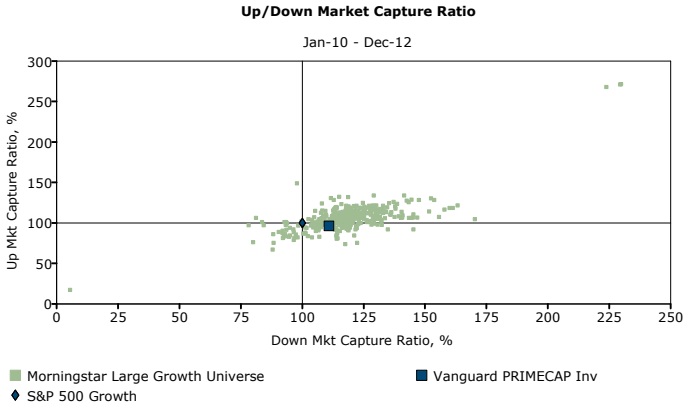


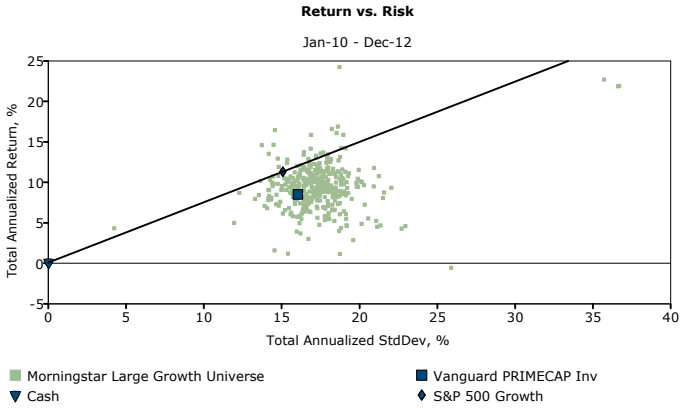
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard PRIMECAP Inv	37.75	18.31	8.49	12.30	11.49	-32.41	34.45	12.89	-1.84	15.27
S&P 500 Growth	27.08	6.97	1.14	11.01	9.13	-34.92	31.57	15.05	4.65	14.61



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard PRIMECAP Inv	-2.90	1.04	95.25	0.58	16.03	3.54
S&P 500 Growth	0.00	1.00	100.00	0.78	15.08	0.00
Universe(5%)	0.90	1.27	97.30	0.81	20.11	8.30
Universe(25%)	-1.26	1.16	95.93	0.68	18.13	5.45
Universe(Median)	-2.63	1.11	94.54	0.60	17.28	4.46
Universe(75%)	-3.91	1.05	92.22	0.53	16.21	3.68
Universe(95%)	-7.02	0.92	85.79	0.36	14.39	2.78



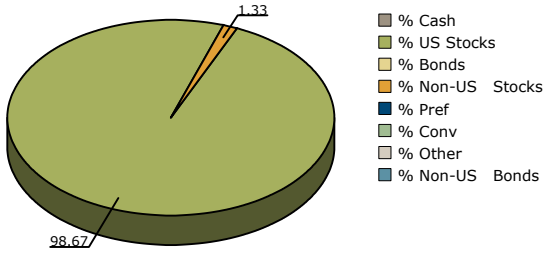




Milliman | Quarterly Investment Monitor

Data as of 12/31/2012

Vanguard Mid-Cap Value Index Admiral



Portfolio Region	
% United States	98.67
% Canada	0.00
% Latin America	0.00
% United Kingdom	0.50
% Eurozone	0.00
% Europe - ex Euro	0.62
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.21
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	0.00
% US Stocks	98.67
% Bonds	0.00
% Non-US Stocks	1.33
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	6.21
% Communication Services	1.59
% Consumer Cyclical	12.21
% Consumer Defensive	7.21
% Healthcare	5.00
% Industrials	12.85
% Real Estate	11.32
% Technology	11.63
% Energy	5.04
% Financial Services	17.45
% Utilities	9.49

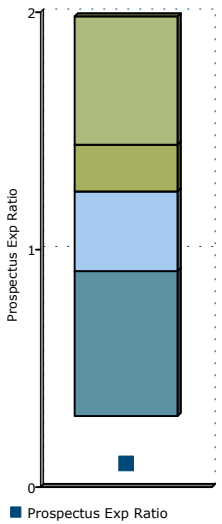
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
US Govt/ Agency	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Health Care REIT, Inc.	1.20%
AvalonBay Communities Inc	1.06%
Mattel, Inc.	0.99%
Cooper Industries PLC.	0.97%
Seagate Technology PLC	0.97%
American Capital Agency Corp.	0.95%
Watson Pharmaceuticals Inc.	0.89%
Regions Financial Corporation	0.83%
DTE Energy Holding Company	0.83%
Quest Diagnostics Inc	0.82%

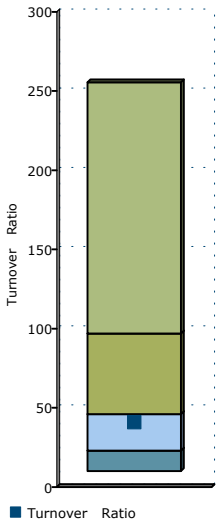
Portfolio Information	
Ticker	VMVAX
Morningstar Category	Mid-Cap Value
Avg Mkt Cap $MM	5973.09
Cat Med Mkt Cap $MM	6963.92
Net Assets $MM	2358.19
Turnover Ratio	41.00
% Assets in Top 10 Holdings	9.51
Total Number of Holdings	266.00
Manager Name	Donald M. Butler
Manager Tenure	6.38
Fund Incept Date	08/17/2006
Prospectus Exp Ratio	0.10
Phone Number	800-662-7447
Closed to New Investors	No

Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	28
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	26
10 Year Mstar Rating	NA
% Rank Cat 10 Yr	NA

Expense Ratio vs. Peer Group



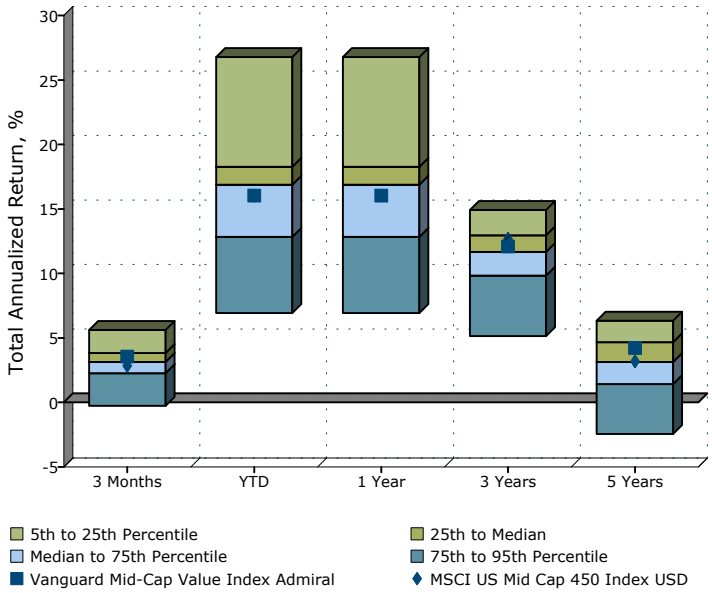
Turnover Ratio vs. Peer Group



Investment Strategy Summary

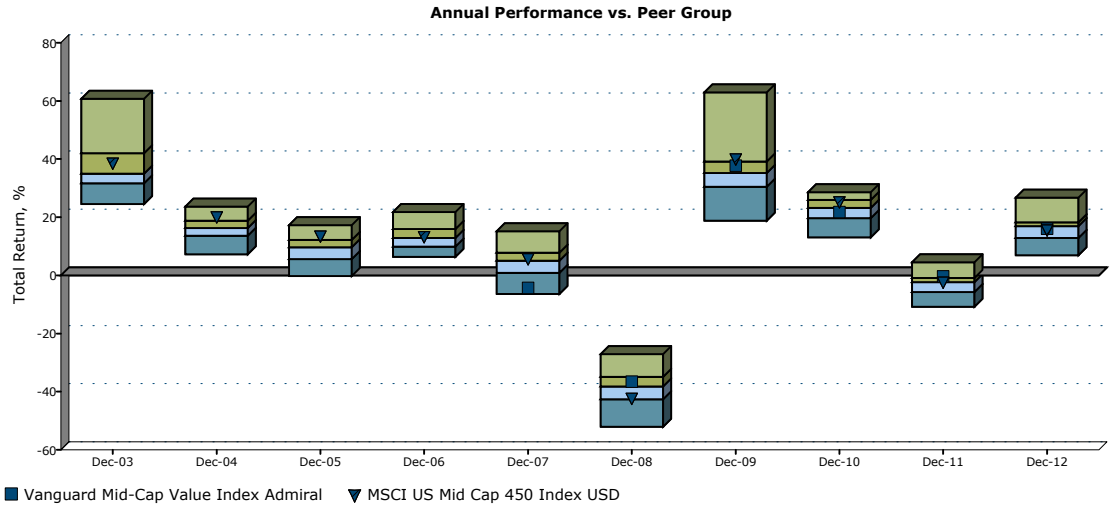
The investment seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization value stocks. The fund employs an indexing investment approach designed to track the performance of the MSCI US Mid Cap Value Index, a broadly diversified index of value stocks of mid-size U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Performance vs. Peer Group

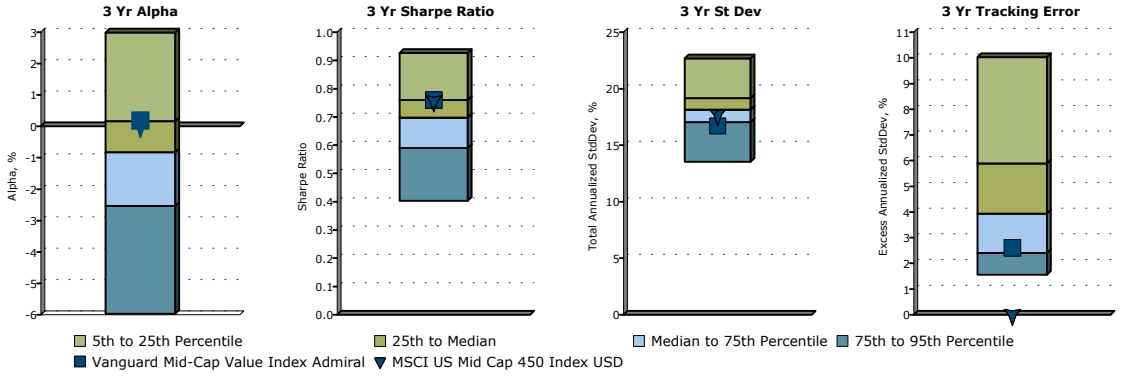


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Mid-Cap Value Index Admiral	3.56	16.02	16.02	12.10	4.23
MSCI US Mid Cap 450 Index USD	2.84	16.04	16.04	12.68	3.19
Universe(5%)	5.62	26.78	26.78	14.93	6.34
Universe(25%)	3.82	18.26	18.26	12.95	4.68
Universe(Median)	3.13	16.89	16.89	11.68	3.14
Universe(75%)	2.26	12.83	12.83	9.82	1.43
Universe(95%)	-0.25	6.94	6.94	5.14	-2.45

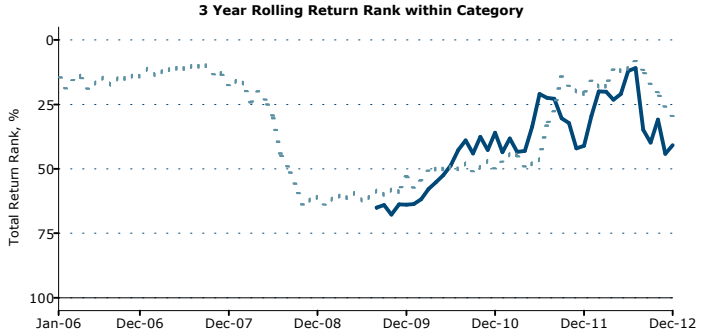
Vanguard Mid-Cap Value Index Admiral

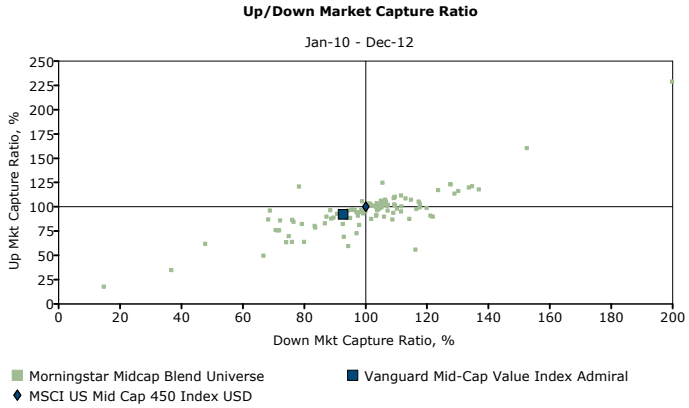


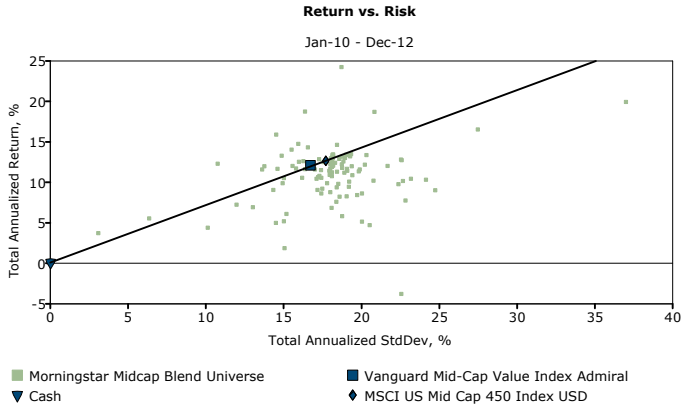
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Mid-Cap Value Index Admiral	NA	NA	NA	NA	-4.30	-36.56	37.70	21.78	-0.32	16.02
MSCI US Mid Cap 450 Index USD	39.05	20.52	13.94	13.75	6.19	-41.80	40.49	25.69	-1.91	16.04



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Mid-Cap Value Index Admiral	0.19	0.93	98.05	0.76	16.72	2.60
MSCI US Mid Cap 450 Index USD	0.00	1.00	100.00	0.76	17.71	0.00
Universe(5%)	2.99	1.24	99.31	0.93	22.68	10.03
Universe(25%)	0.16	1.06	98.55	0.76	19.15	5.89
Universe(Median)	-0.83	1.02	96.34	0.70	18.14	3.93
Universe(75%)	-2.54	0.92	93.37	0.59	17.03	2.41
Universe(95%)	-5.97	0.71	83.70	0.40	13.53	1.56



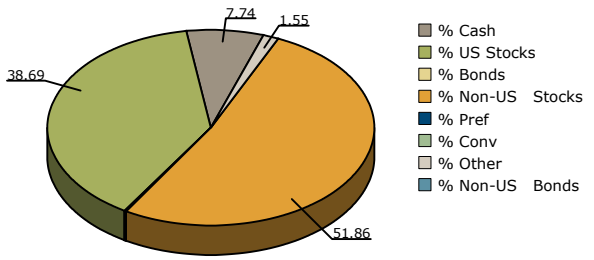




Milliman | Quarterly Investment Monitor

Data as of 12/31/2012

American Funds New Perspective R6



Portfolio Region	
% United States	42.73
% Canada	3.13
% Latin America	2.81
% United Kingdom	7.98
% Eurozone	15.59
% Europe - ex Euro	12.28
% Europe - Emerging	0.00
% Africa	3.11
% Middle East	0.00
% Japan	4.30
% Australasia	2.13
% Asia - Developed	4.65
% Asia - Emerging	1.29

Portfolio Structure	
% Cash	7.74
% US Stocks	38.69
% Bonds	0.16
% Non-US Stocks	51.86
% Pref	0.00
% Conv	0.00
% Other	1.55
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	6.88
% Communication Services	2.69
% Consumer Cyclical	15.70
% Consumer Defensive	13.00
% Healthcare	17.40
% Industrials	12.29
% Real Estate	0.24
% Technology	14.55
% Energy	5.93
% Financial Services	10.36
% Utilities	0.95

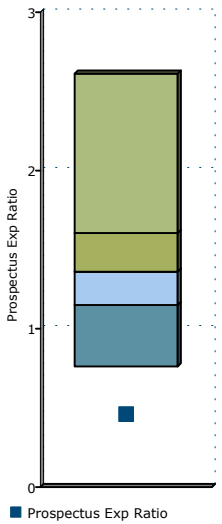
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
US Govt/ Agency	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Novo Nordisk A/S	4.99%
Amazon.com Inc	2.25%
Google, Inc. Class A	1.78%
Home Depot, Inc.	1.65%
Newmont Mining Corporation	1.41%
British American Tobacco PLC	1.39%
Naspers Ltd	1.36%
Nestle SA	1.27%
America Movil, S.A.B. de C.V. ADR	1.21%
ACE Ltd	1.16%

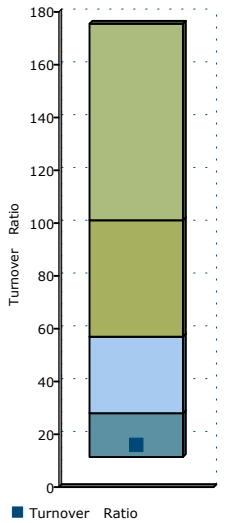
Portfolio Information	
Ticker	RNPGX
Morningstar Category	World Stock
Avg Mkt Cap $MM	43325.20
Cat Med Mkt Cap $MM	25224.82
Net Assets $MM	43579.90
Turnover Ratio	16.00
% Assets in Top 10 Holdings	18.47
Total Number of Holdings	290.00
Manager Name	Brady L. Enright
Manager Tenure	7.09
Fund Incept Date	03/13/1973
Prospectus Exp Ratio	0.46
Phone Number	800-421-4225
Closed to New Investors	No

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	28
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	16
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	23

Expense Ratio vs. Peer Group



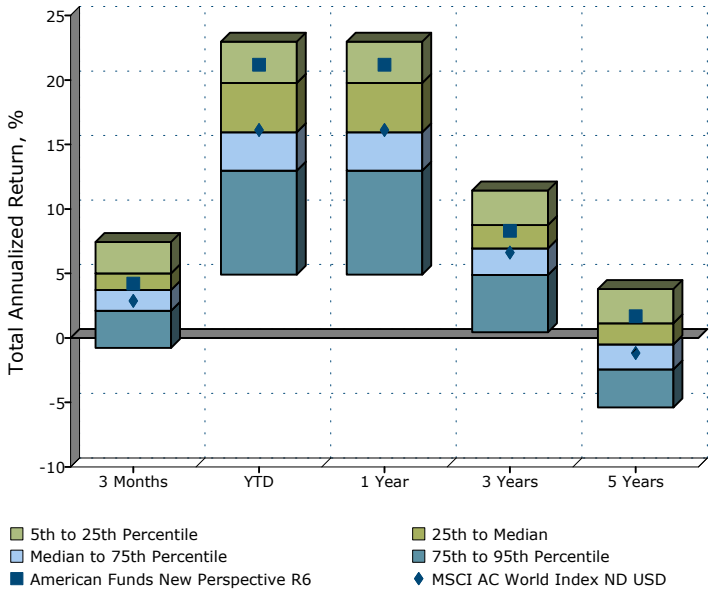
Turnover Ratio vs. Peer Group



Investment Strategy Summary

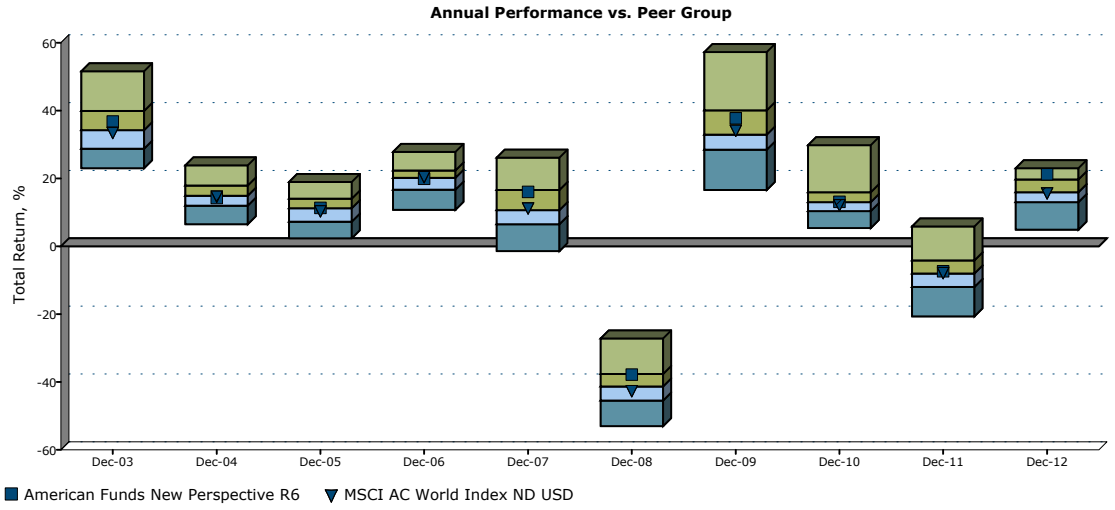
The investment seeks long-term growth of capital; future income is a secondary objective. The fund seeks to take advantage of investment opportunities generated by changes in international trade patterns and economic and political relationships by investing in common stocks of companies located around the world. In pursuing its primary investment objective, it invests primarily in common stocks that the investment adviser believes have the potential for growth. In pursuing its secondary objective, the fund invests in common stocks of companies with the potential to pay dividends in the future.

Performance vs. Peer Group

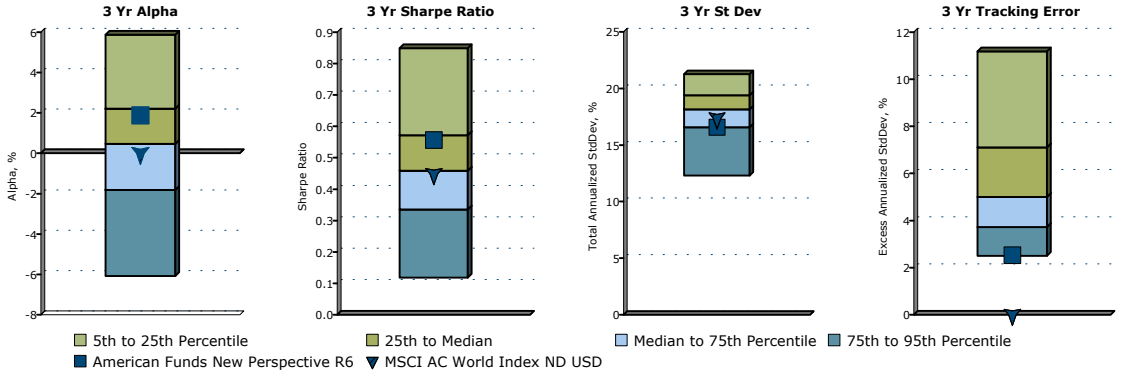


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
American Funds New Perspective R6	4.21	21.19	21.19	8.30	1.69
MSCI AC World Index ND USD	2.88	16.13	16.13	6.63	-1.16
Universe(5%)	7.43	22.97	22.97	11.43	3.80
Universe(25%)	5.01	19.76	19.76	8.75	1.14
Universe(Median)	3.71	15.94	15.94	6.93	-0.51
Universe(75%)	2.11	12.97	12.97	4.88	-2.43
Universe(95%)	-0.78	4.91	4.91	0.43	-5.37

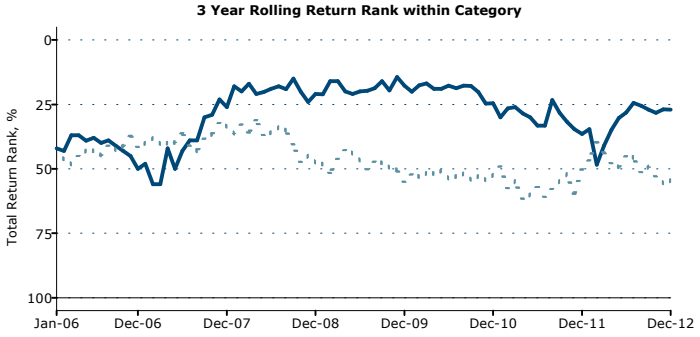
American Funds New Perspective R6

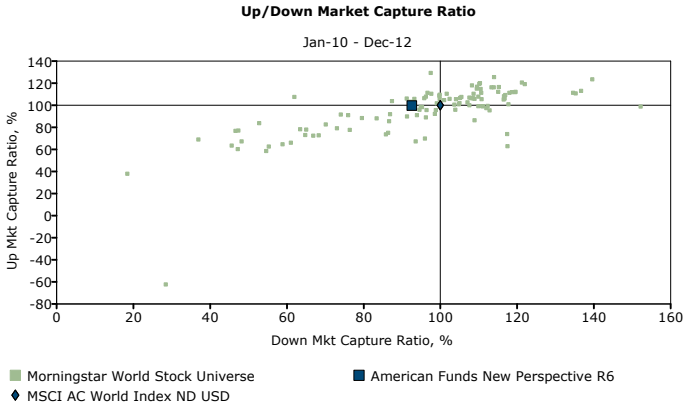


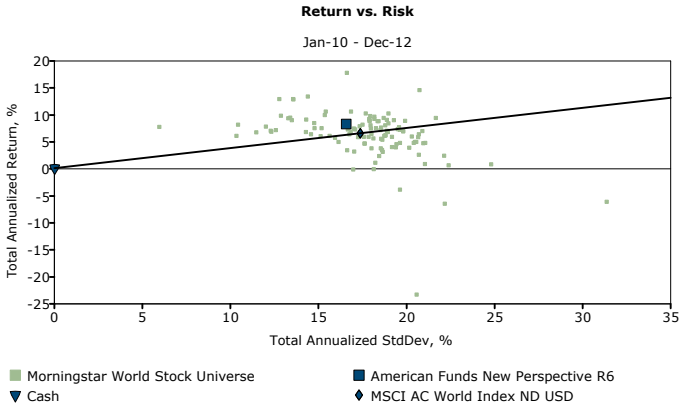
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
American Funds New Perspective R6	36.76	14.27	11.28	19.87	16.03	-37.83	37.73	13.11	-7.33	21.19
MSCI AC World Index ND USD	33.99	15.23	10.84	20.95	11.66	-42.20	34.63	12.67	-7.35	16.13



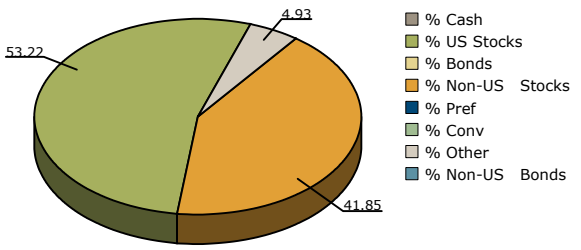
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
American Funds New Perspective R6	1.87	0.94	98.01	0.56	16.57	2.53
MSCI AC World Index ND USD	0.00	1.00	100.00	0.45	17.37	0.00
Universe(5%)	5.88	1.17	98.07	0.85	21.28	11.19
Universe(25%)	2.21	1.07	96.74	0.57	19.41	7.10
Universe(Median)	0.46	1.02	94.53	0.46	18.16	4.99
Universe(75%)	-1.82	0.85	87.32	0.34	16.57	3.73
Universe(95%)	-6.09	0.63	68.44	0.12	12.31	2.49







Harding Loevner Global Equity Inst



Portfolio Region	
% United States	55.97
% Canada	1.25
% Latin America	1.81
% United Kingdom	5.53
% Eurozone	7.81
% Europe - ex Euro	7.92
% Europe - Emerging	2.26
% Africa	1.39
% Middle East	0.00
% Japan	9.64
% Australasia	1.37
% Asia - Developed	0.00
% Asia - Emerging	5.05

Portfolio Structure	
% Cash	0.00
% US Stocks	53.22
% Bonds	0.00
% Non-US Stocks	41.85
% Pref	0.00
% Conv	0.00
% Other	4.93
% Non-US Bonds	0.00

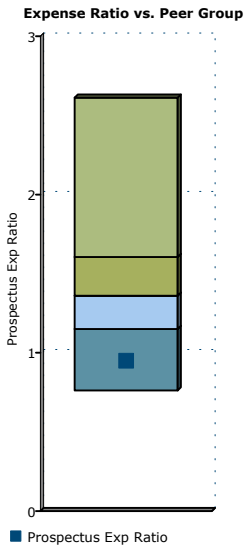
Sector Allocation	
% Basic Materials	3.76
% Communication Services	1.51
% Consumer Cyclical	18.13
% Consumer Defensive	12.33
% Healthcare	8.48
% Industrials	11.63
% Real Estate	0.00
% Technology	21.73
% Energy	6.46
% Financial Services	15.96
% Utilities	0.00

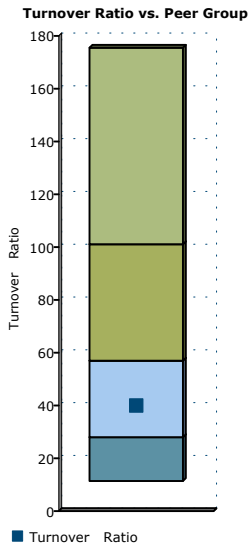
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
US Govt/ Agency	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Northern Instl Fds	4.93%
Wells Fargo & Co	3.59%
eBay Inc	3.52%
Unicharm Corp	3.12%
Microsoft Corporation	2.83%
Nestle SA ADR	2.81%
Schlumberger NV	2.55%
Fanuc Corp	2.39%
Apple Inc	2.22%
Emerson Electric Co.	2.17%

Portfolio Information	
Ticker	HLMVX
Morningstar Category	World Stock
Avg Mkt Cap $MM	30676.88
Cat Med Mkt Cap $MM	25224.82
Net Assets $MM	429.03
Turnover Ratio	40.00
% Assets in Top 10 Holdings	30.14
Total Number of Holdings	67.00
Manager Name	Peter J. Baughan
Manager Tenure	9.85
Fund Incept Date	11/29/1996
Prospectus Exp Ratio	0.95
Phone Number	877-435-8105
Closed to New Investors	No

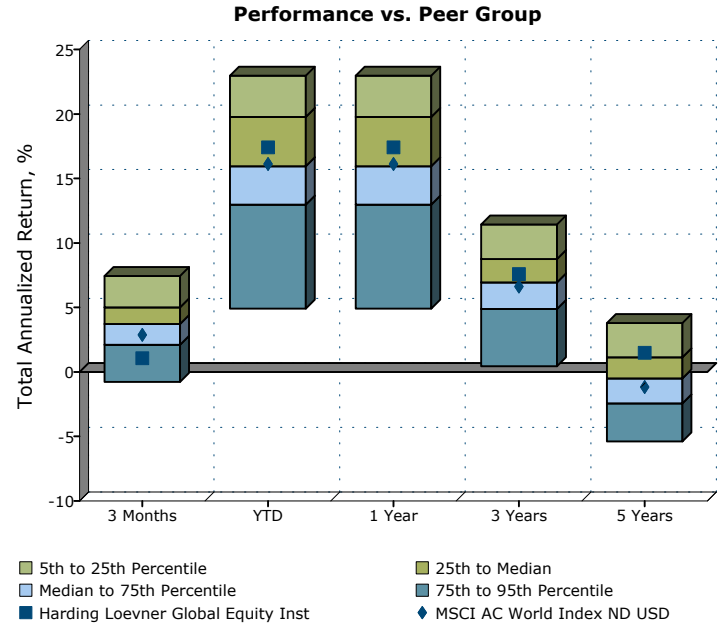
Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	37
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	18
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	39





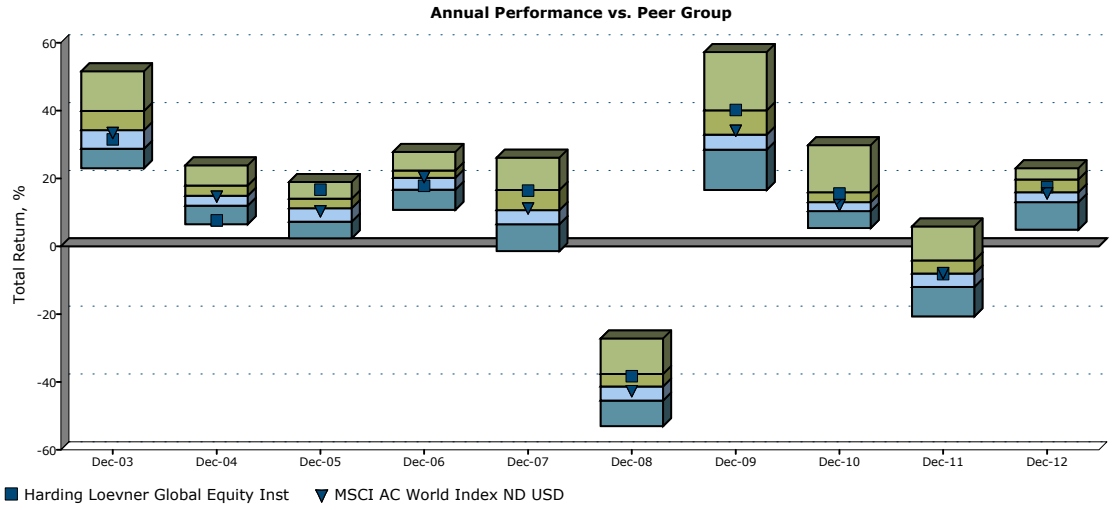
Investment Strategy Summary

The investment seeks long-term capital appreciation. The fund invests in companies based in the U.S. and other developed markets, as well as in emerging and frontier markets. It invests at least 80% of net assets in common stocks, preferred stock, rights and warrants issued by companies that are based both inside and outside the United States, securities convertible into such securities and investment companies that invest in the types of securities in which the fund would normally invest. The fund normally holds 35-75 investments across at least 15 countries.

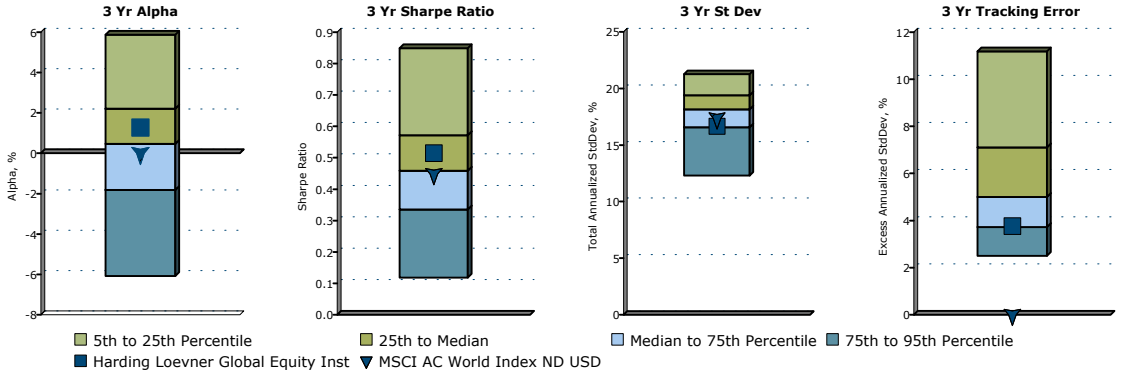


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Harding Loevner Global Equity Inst	1.07	17.42	17.42	7.58	1.49
MSCI AC World Index ND USD	2.88	16.13	16.13	6.63	-1.16
Universe(5%)	7.43	22.97	22.97	11.43	3.80
Universe(25%)	5.01	19.76	19.76	8.75	1.14
Universe(Median)	3.71	15.94	15.94	6.93	-0.51
Universe(75%)	2.11	12.97	12.97	4.88	-2.43
Universe(95%)	-0.78	4.91	4.91	0.43	-5.37

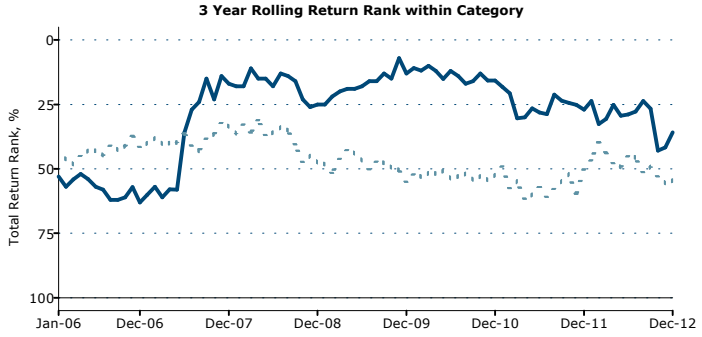
Harding Loevner Global Equity Inst

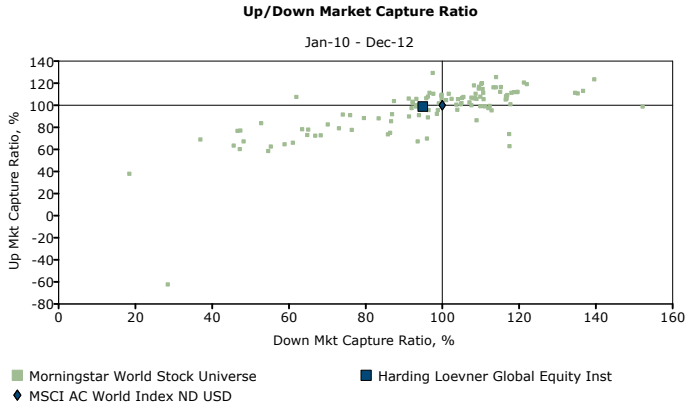


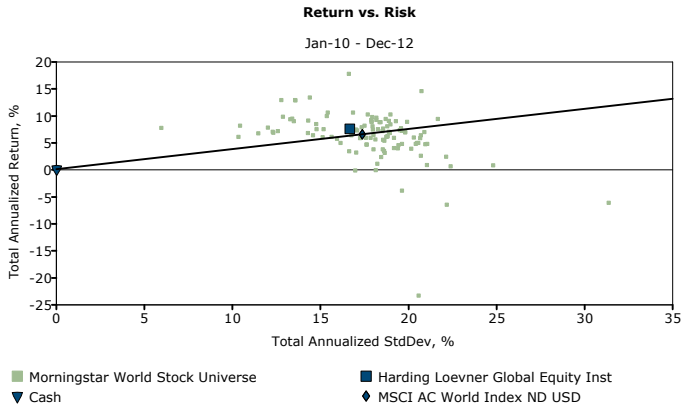
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Harding Loevner Global Equity Inst	31.51	7.61	16.65	17.84	16.39	-38.29	40.16	15.55	-8.22	17.42
MSCI AC World Index ND USD	33.99	15.23	10.84	20.95	11.66	-42.20	34.63	12.67	-7.35	16.13



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Harding Loevner Global Equity Inst	1.27	0.94	95.33	0.51	16.66	3.77
MSCI AC World Index ND USD	0.00	1.00	100.00	0.45	17.37	0.00
Universe(5%)	5.88	1.17	98.07	0.85	21.28	11.19
Universe(25%)	2.21	1.07	96.74	0.57	19.41	7.10
Universe(Median)	0.46	1.02	94.53	0.46	18.16	4.99
Universe(75%)	-1.82	0.85	87.32	0.34	16.57	3.73
Universe(95%)	-6.09	0.63	68.44	0.12	12.31	2.49



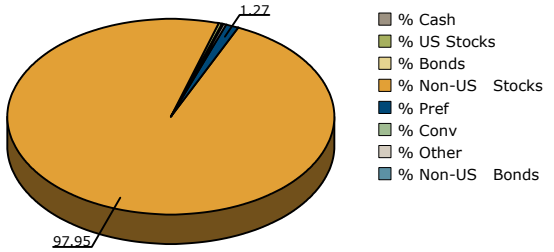




Milliman | Quarterly Investment Monitor

Data as of 12/31/2012

Vanguard Emerging Mkts Stock Idx I



Portfolio Region	
% United States	0.36
% Canada	0.00
% Latin America	20.72
% United Kingdom	0.00
% Eurozone	0.00
% Europe - ex Euro	0.00
% Europe - Emerging	9.82
% Africa	8.18
% Middle East	0.00
% Japan	0.00
% Australasia	0.00
% Asia - Developed	25.96
% Asia - Emerging	34.97

Portfolio Structure	
% Cash	0.23
% US Stocks	0.35
% Bonds	0.00
% Non-US Stocks	97.95
% Pref	1.27
% Conv	0.00
% Other	0.20
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	12.06
% Communication Services	8.67
% Consumer Cyclical	8.70
% Consumer Defensive	8.20
% Healthcare	1.11
% Industrials	7.58
% Real Estate	1.65
% Technology	14.49
% Energy	11.59
% Financial Services	22.84
% Utilities	3.11

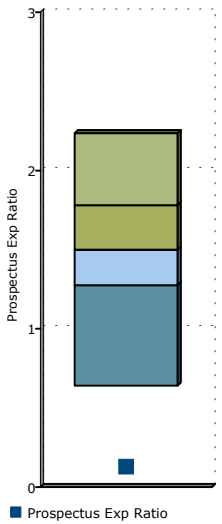
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
US Govt/ Agency	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Samsung Electronics Co Ltd GDR	2.51%
China Mobile Ltd.	1.86%
America Movil, S.A.B. de C.V.	1.39%
China Construction Bank Corp H Shares	1.38%
Taiwan Semiconductor Manufacturing ADR	1.38%
Gazprom OAO ADR	1.30%
Samsung Electronics Co Ltd	1.20%
Industrial And Commercial Bank Of China Ltd.	1.06%
CNOOC, Ltd.	1.01%
Hyundai Motor Co Ltd	0.97%

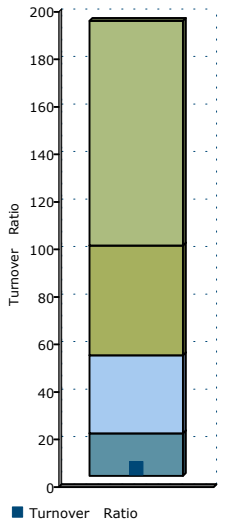
Portfolio Information	
Ticker	VEMIX
Morningstar Category	Diversified Emerging Mkts
Avg Mkt Cap $MM	19047.00
Cat Med Mkt Cap $MM	15161.94
Net Assets $MM	75732.08
Turnover Ratio	8.00
% Assets in Top 10 Holdings	14.05
Total Number of Holdings	888.00
Manager Name	Michael Perre
Manager Tenure	4.34
Fund Incept Date	05/04/1994
Prospectus Exp Ratio	0.13
Phone Number	800-662-7447
Closed to New Investors	No

Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	54
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	32
10 Year Mstar Rating	★★★
% Rank Cat 10 Yr	32

Expense Ratio vs. Peer Group



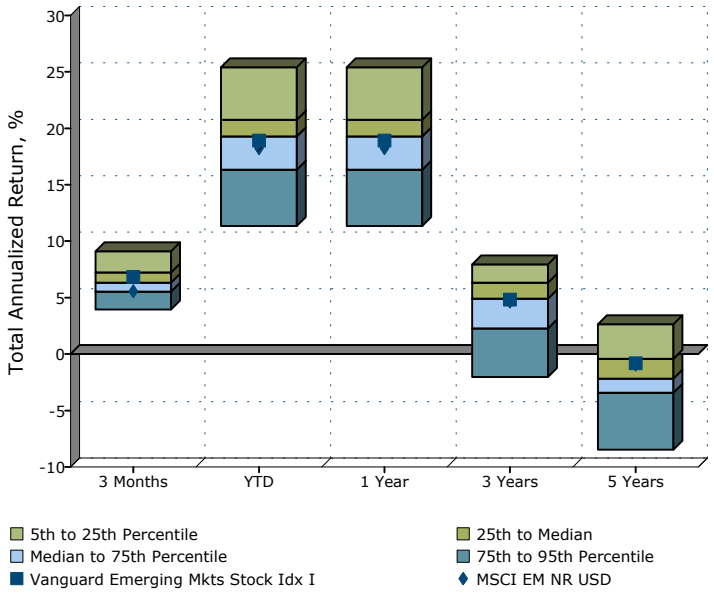
Turnover Ratio vs. Peer Group



Investment Strategy Summary

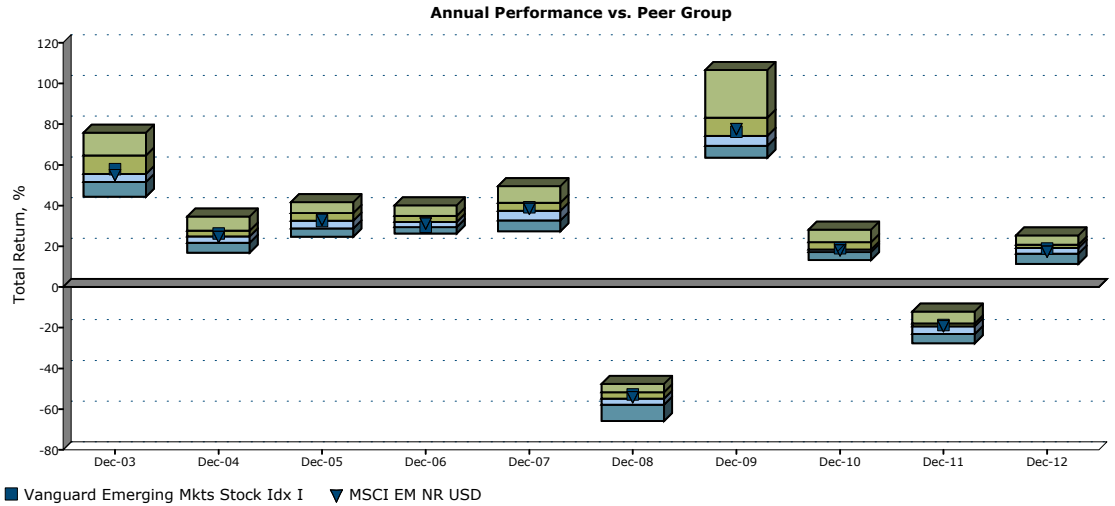
The investment seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in emerging market countries. The fund employs an indexing investment approach by investing substantially all (normally about 95%) of its assets in the common stocks included in the MSCI Emerging Markets Index, while employing a form of sampling to reduce risk. The MSCI Emerging Markets Index includes approximately 820 common stocks of companies located in emerging markets around the world.

Performance vs. Peer Group

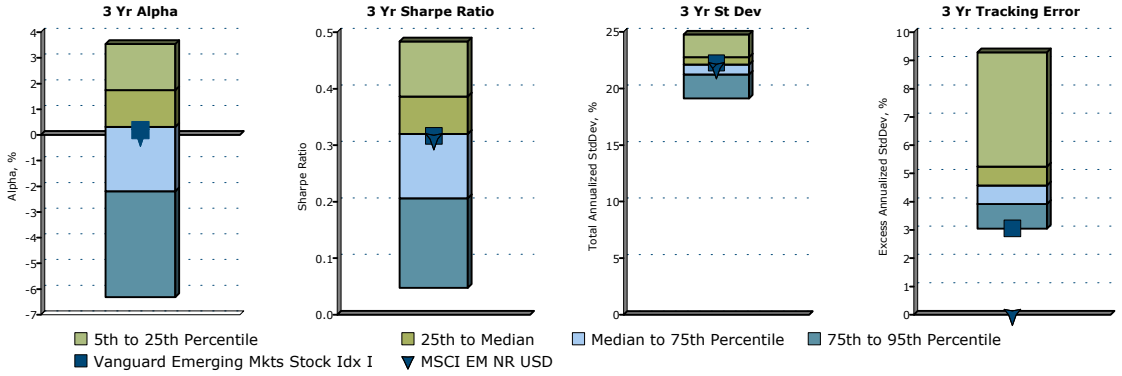


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Emerging Mkts Stock Idx I	6.84	18.90	18.90	4.83	-0.81
MSCI EM NR USD	5.58	18.22	18.22	4.66	-0.92
Universe(5%)	9.11	25.41	25.41	7.94	2.63
Universe(25%)	7.22	20.75	20.75	6.34	-0.43
Universe(Median)	6.34	19.28	19.28	4.92	-2.16
Universe(75%)	5.55	16.34	16.34	2.27	-3.43
Universe(95%)	3.94	11.34	11.34	-2.05	-8.46

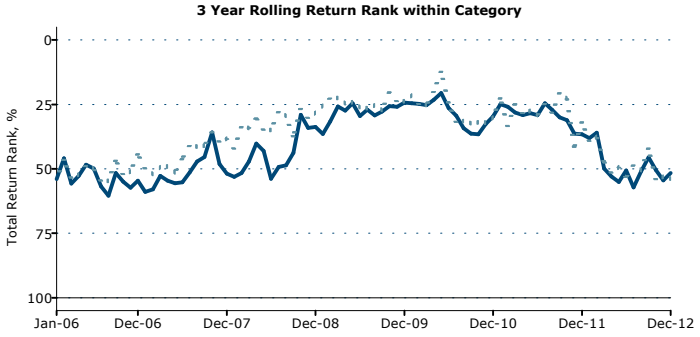
Vanguard Emerging Mkts Stock Idx I

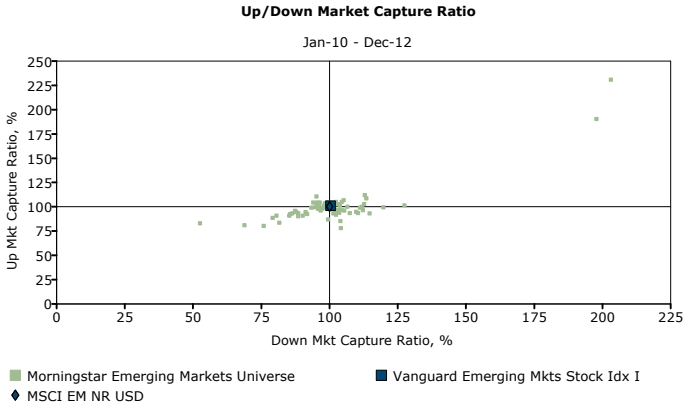


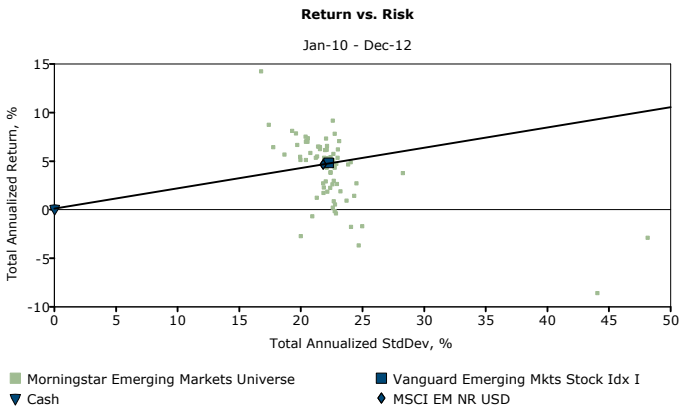
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Emerging Mkts Stock Idx I	57.97	26.24	32.35	29.57	39.15	-52.74	76.35	19.06	-18.63	18.90
MSCI EM NR USD	55.82	25.55	34.00	32.14	39.42	-53.33	78.51	18.88	-18.42	18.22



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Emerging Mkts Stock Idx I	0.19	1.01	98.13	0.32	22.26	3.06
MSCI EM NR USD	0.00	1.00	100.00	0.31	21.80	0.00
Universe(5%)	3.54	1.12	98.12	0.48	24.78	9.29
Universe(25%)	1.74	1.02	97.11	0.39	22.76	5.24
Universe(Median)	0.31	1.00	96.09	0.32	22.12	4.58
Universe(75%)	-2.19	0.94	95.01	0.21	21.25	3.92
Universe(95%)	-6.32	0.86	91.13	0.05	19.11	3.05



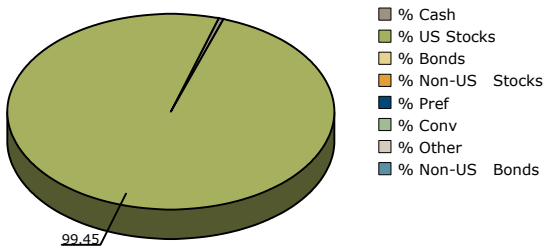




Milliman | Quarterly Investment Monitor

Data as of 12/31/2012

Vanguard REIT Index I



Portfolio Region	
% United States	100.00
% Canada	0.00
% Latin America	0.00
% United Kingdom	0.00
% Eurozone	0.00
% Europe - ex Euro	0.00
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	0.55
% US Stocks	99.45
% Bonds	0.00
% Non-US Stocks	0.00
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	0.00
% Communication Services	0.00
% Consumer Cyclical	0.00
% Consumer Defensive	0.00
% Healthcare	0.00
% Industrials	0.00
% Real Estate	100.00
% Technology	0.00
% Energy	0.00
% Financial Services	0.00
% Utilities	0.00

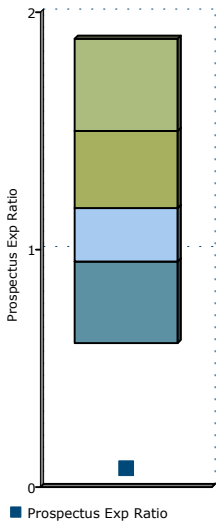
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
US Govt/ Agency	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Simon Property Group Inc	10.78%
Public Storage	4.75%
HCP Inc	4.37%
Ventas Inc	4.29%
Equity Residential	4.05%
Boston Properties Inc	3.88%
Prologis Inc	3.78%
Health Care REIT, Inc.	3.45%
Vornado Realty Trust	3.17%
AvalonBay Communities Inc	3.04%

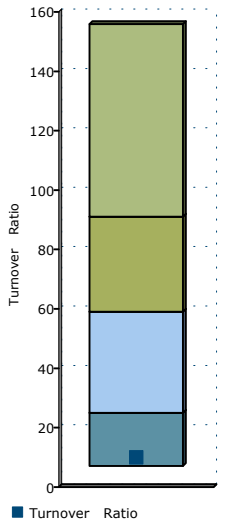
Portfolio Information	
Ticker	VGSNX
Morningstar Category	Real Estate
Avg Mkt Cap $MM	8100.38
Cat Med Mkt Cap $MM	8062.88
Net Assets $MM	29708.87
Turnover Ratio	10.00
% Assets in Top 10 Holdings	45.59
Total Number of Holdings	113.00
Manager Name	Gerard C. O'Reilly
Manager Tenure	16.65
Fund Incept Date	05/13/1996
Prospectus Exp Ratio	0.08
Phone Number	800-662-7447
Closed to New Investors	No

Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	21
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	22
10 Year Mstar Rating	★★★
% Rank Cat 10 Yr	34

Expense Ratio vs. Peer Group



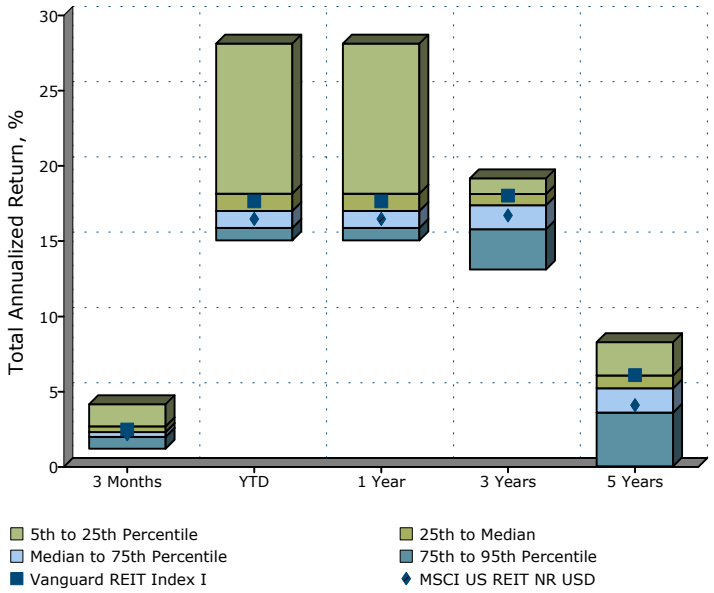
Turnover Ratio vs. Peer Group



Investment Strategy Summary

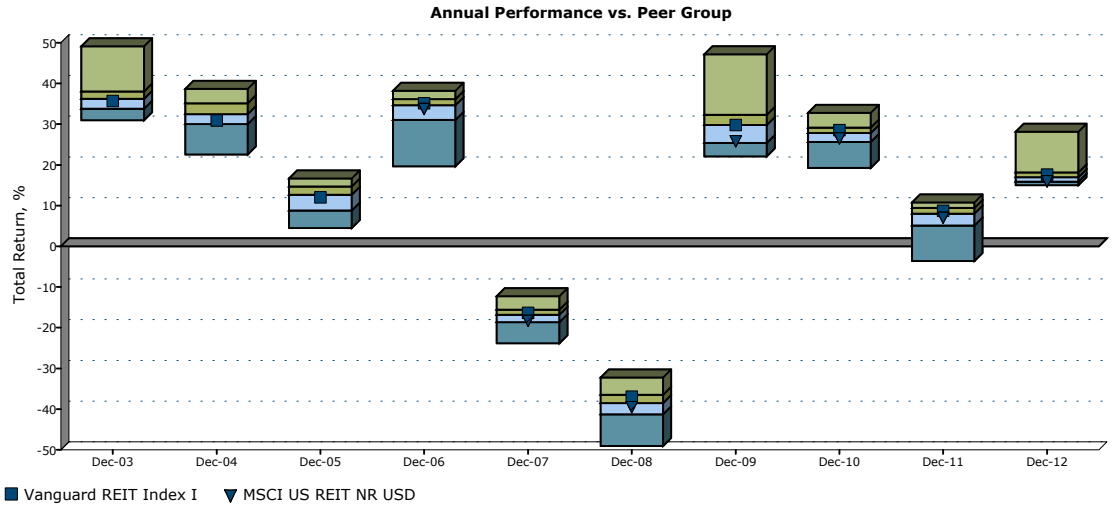
The investment seeks to provide a high level of income and moderate long-term capital appreciation by tracking the performance of a benchmark index that measures the performance of publicly traded equity REITs. The fund employs an indexing investment approach designed to track the performance of the MSCI US REIT Index. The index is composed of stocks of publicly traded equity real estate investment trusts (known as REITs). It attempts to replicate the index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Performance vs. Peer Group

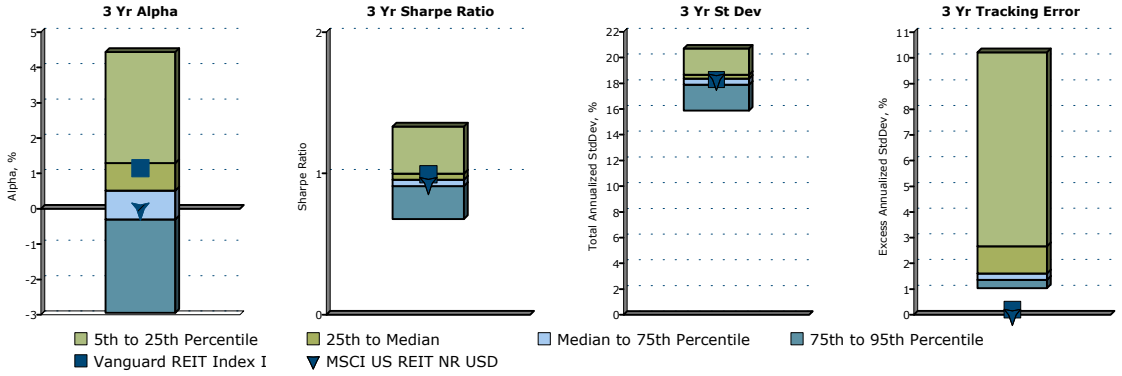


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard REIT Index I	2.50	17.65	17.65	18.03	6.11
MSCI US REIT NR USD	2.17	16.47	16.47	16.70	4.11
Universe(5%)	4.16	28.13	28.13	19.18	8.30
Universe(25%)	2.71	18.17	18.17	18.14	6.07
Universe(Median)	2.31	17.01	17.01	17.39	5.23
Universe(75%)	1.99	15.89	15.89	15.79	3.62
Universe(95%)	1.21	15.05	15.05	13.13	0.05

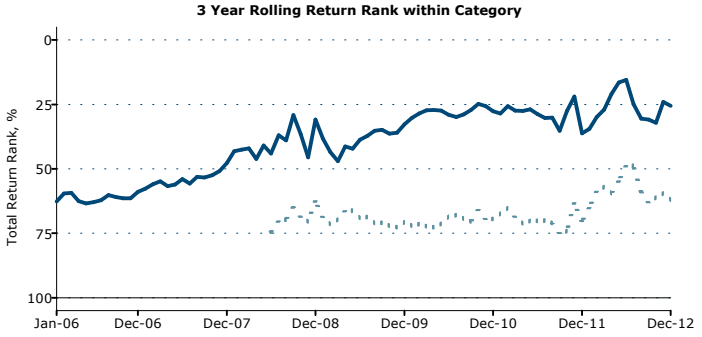
Vanguard REIT Index I

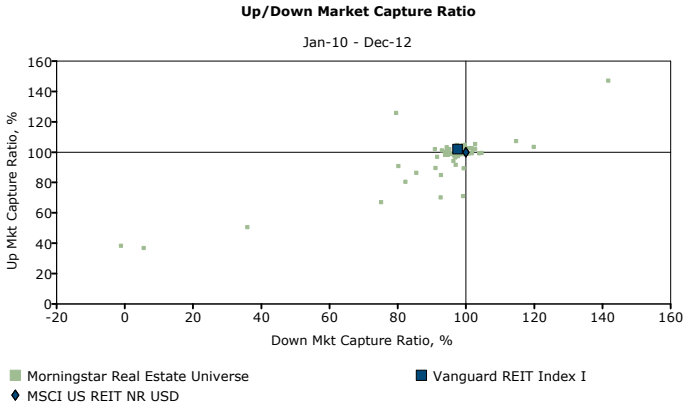


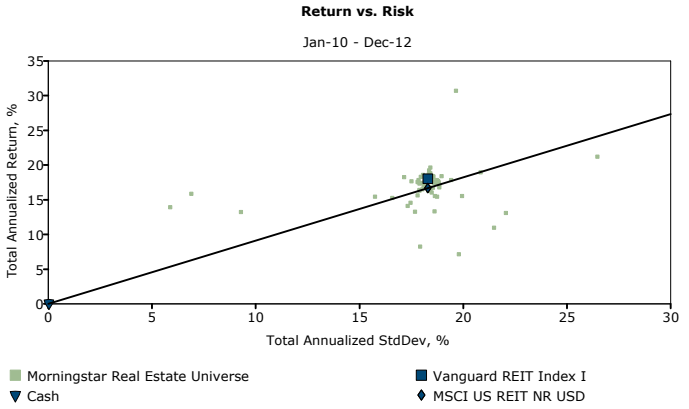
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard REIT Index I	35.65	30.93	12.05	35.15	-16.38	-36.95	29.76	28.56	8.70	17.65
MSCI US REIT NR USD	NA	NA	NA	34.18	-17.84	-39.05	26.27	26.97	7.48	16.47



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard REIT Index I	1.15	1.00	99.99	0.99	18.29	0.20
MSCI US REIT NR USD	0.00	1.00	100.00	0.93	18.30	0.00
Universe(5%)	4.44	1.07	99.72	1.33	20.70	10.21
Universe(25%)	1.29	1.01	99.51	1.00	18.65	2.67
Universe(Median)	0.51	1.00	99.30	0.96	18.38	1.61
Universe(75%)	-0.30	0.97	98.12	0.91	17.90	1.35
Universe(95%)	-2.95	0.85	79.09	0.68	15.87	1.03







Glossary

Alpha (3 Yr)

Alpha is a measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. A positive alpha figure indicates the portfolio has performed better than its beta would predict. In contrast, a negative alpha indicates the portfolio has underperformed, given the expectations established by beta.

Average Effective Duration

A measure of a fund's interest-rate sensitivity--the longer a fund's duration, the more sensitive the fund is to shifts in interest rates. Duration is determined by a formula that includes coupon rates and bond maturities. Small coupons tend to increase duration, while shorter maturities and higher coupons shorten duration. The relationship between funds with different durations is straightforward: A fund with a duration of 10 years is twice as volatile as a fund with a five-year duration. Morningstar prints an average effective duration statistic that incorporates call, put, and prepayment possibilities.

Average Effective Maturity

Average effective maturity is a weighted average of all the effective maturities of the bonds in a portfolio. Effective maturity takes into consideration mortgage prepayments, puts, calls, adjustable coupons, and other features of individual bonds and is thus a more accurate measure of interest-rate sensitivity. Longer-maturity funds are generally considered more interest-rate sensitive than their shorter counterparts.

Beta

A measure of a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. Morningstar calculates beta by comparing a fund's excess return over Treasury bills to the market's excess return over Treasury bills, so a beta of 1.10 shows that the fund has performed 10% better than its benchmark index in up markets and 10% worse in down markets, assuming all other factors remain constant. Conversely, a beta of 0.85 indicates that the fund's excess return is expected to perform 15% worse than the market's excess return during up markets and 15% better during down markets.

The Morningstar Rating

Commonly called the Star Rating, is a measure of a fund's risk-adjusted return, relative to funds in its category. Funds are rated from one to five stars, with the best performers receiving five stars and the worst performers receiving a single star.

Risk-adjusted return is calculated by subtracting a risk penalty from each fund total return, after accounting for all loads, sales charges, and redemption fees. The risk penalty is determined by the amount of variation in the fund's monthly return, with emphasis on downward variation. The greater the variation, the larger the penalty. Funds are ranked within their categories and stars are assigned as follows: Top 10% five stars; Next 22.5% four stars; Middle 35% three stars; Next 22.5% two stars; Bottom 10% one star.

Audited Expense Ratio

The percentage of fund assets paid for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's NAV . Sales charges are not included in the expense ratio.

Geometric Average Market Capitalization

Morningstar defines the overall "size" of a stock fund's portfolio as the geometric mean of the market capitalization for all of the stocks it owns. It's calculated by raising the market capitalization of each stock to a power equal to that stock's stake in the portfolio. The resulting numbers are multiplied together to produce the geometric mean of the market caps of the stocks in the portfolio, which is reported as average market capitalization.
This number is different from the fund's median market cap--the capitalization of the median stock in its portfolio. The geometric mean better identifies the portfolio's "center of gravity." That is, it provides more accurate insight into how market trends (as defined by capitalization) might affect the portfolio.

Net Assets

The month-end net assets of the mutual fund, recorded in millions of dollars. Net-asset figures are useful in gauging a fund's size, agility, and popularity. They help determine whether a small company fund, for example, can remain in its investment-objective category if its asset base reaches an ungainly size.

% Assets in Top 10 Holdings

The aggregate assets, expressed as a percentage, of the fund's top 10 portfolio holdings. This figure is meant to be a measure of portfolio risk. Specifically, the higher the percentage, the more concentrated the fund is in a few companies or issues, and the more the fund is susceptible to the market fluctuations in these few holdings. The figure is calculated from the most recent available fund holdings.

Price/Book Ratio TTM

The weighted average of the price/book ratios of all the stocks in a fund's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation. In theory, a high P/B ratio indicates that the price of the stock exceeds the actual worth of the company's assets, while a low P/B ratio indicates that the stock is a bargain.

Price/Earnings Ratio TTM

The weighted average of the price/earnings ratios of the stocks in a fund's portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12 months' earnings per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents, so that larger positions have proportionately greater influence on the fund's final P/E.

R-Squared

Reflects the percentage of a fund's movements that can be explained by movements in its benchmark index. An R-squared of 100 indicates that all movements of a fund can be explained by movements in the index. Thus, index funds that invest only in S&P 500 stocks will have an R-squared very close to 100. Conversely, a low R-squared indicates that very few of the fund's movements can be explained by movements in its benchmark index. An R-squared measure of 35, for example, means that only 35% of the fund's movements can be explained by movements in the benchmark index.

Sharpe Ratio

The Sharpe Ratio is a risk-adjusted measure developed by Nobel Laureate William Sharpe. It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical risk-adjusted performance. It can be used to compare two portfolios directly on how much excess return each portfolio achieved for a certain level of risk.

Standard Deviation

Standard deviation is the statistical measurement of dispersion about an average, which depicts how widely a stock or portfolio's returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that is most likely for a given investment. When a stock or portfolio has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

Total Number of Holdings

The total number of different holdings of a fund. This figure is meant to be a measure of portfolio risk. Specifically, the lower the figure, the more concentrated the fund is in a few companies or issues, and the more the fund is susceptible to the market fluctuations in these few holdings. This figure also provides a context for the importance of % assets in top 10 holdings. The figure is calculated from the most recent available fund holdings. It does not include a fund's short positions.

Total Return

Expressed in percentage terms, Morningstar's calculation of total return is determined each month by taking the change in monthly net asset value, reinvesting all income and capital-gains distributions during that month, and dividing by the starting NAV. Reinvestments are made using the actual reinvestment NAV, and daily payoffs are reinvested monthly.

Turnover Ratio

This is a measure of the fund's trading activity which is computed by taking the lesser of purchases or sales (excluding all securities with maturities of less than one year) and dividing by average monthly net assets. A turnover ratio of 100% or more does not necessarily suggest that all securities in the portfolio have been traded. In practical terms, the resulting percentage loosely represents the percentage of the portfolio's holdings that have changed over the past year.

12-Month Yield

Also known as a distribution yield, Morningstar computes this figure by summing the trailing 12-month's income distributions and dividing the sum by the last month's ending NAV, plus any capital gains distributed over the same period. Income refers only to interest payments from fixed-income securities and dividend payoffs from common stocks.

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(Abridged for Police Pension Board Meeting of February 14, 2013)

City of Dover
Council Financial Workshop

January 7, 2013

- Update on Funding Status of Pension Plans and OPEB as of June 30, 2012
- GASB 67 & GASB 68 – Revised Pension Standards

City of Dover
Police Pension Plan

Police Pension Plan

The City of Dover, Delaware
Statement of Pension Trust Fund Net Assets
June 30, 2012

	Police Pension
ASSETS:	
Cash and cash equivalents	$ 601,329
Investments at fair value - Mutual Funds	10,086,398
Net assets held in trust for pension benefits	$ 10,687,727

The City of Dover, Delaware
Statement of Changes in Pension Trust Fund Net Assets
For the Year Ended June 30, 2012

	Police Pension
Additions	
Net investment income/loss	$ (34,831)
City's contribution - lump sum	95,000
State contributions	561,772
Other	11,502
Total Additions to Net Assets	633,443
Deductions	
Benefit payments	1,486,211
General administration	13,256
Total Deductions From Net Assets	1,499,467
Change in net assets	(866,024)
Net assets - beginning	11,553,751
Net assets - ending	$ 10,687,727

Closed Plan – 48 retirees and beneficiaries; Approximately 50% in 55 – 65 age bracket as of last full actuarial valuation

Police Pension Plan

	Governmental Activities
Annual required contribution	$979,132
Interest on net pension asset	(37,507)
Adjustment to annual required contribution	64,110
Annual pension cost	1,005,735
Contributions	(668,274)
(Increase)/decrease in net pension asset	337,461
Net pension obligation (asset) at beginning of year	(535,811)
Net pension obligation (asset) at end of year	($198,350)

	Annual Pension Cost	Percentage Contributed	NPO (Asset) End of Year
2010	$877,820	60%	($1,030,844)
2011	1,128,669	56%	(535,811)
2012	1,005,735	66%	(198,350)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2007	$485,055	154%
2008	358,807	201%
2009	520,505	139%
2010	786,436	63%
2011	1,082,956	44%
2012 *	979,132	68%

* Annual Required Contributions for fiscal year 2012 are assumed to equal approximately the same amount as the prior year

City contribution has remained at $95,000 for several years. State Grant made up the remainder of the required contribution. FY13 will need to increase City appropriation.

Police Pension Fund
Required Supplementary Information
Schedule of Funding Progress

Valuation Date	Plan Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded as a Percent of Payroll
7/1/05	$ 11,944,213	$ 17,850,795	$ 5,906,582	66.9%	$ 65,745	8984.1%
7/1/06	12,471,057	17,532,104	5,061,047	71.1%		
7/1/07	13,950,322	17,589,169	3,638,847	79.3%		
7/1/08	12,500,417	17,615,785	5,115,368	71.0%		
7/1/09	10,188,899	17,651,507	7,462,608	57.7%		
7/1/10	10,378,602	19,849,553	9,470,951	52.3%		
7/1/12	10,687,727	19,867,849	9,180,122	53.8%		

City of Dover
Summary of Retirement Benefit Liabilities and Annual Required Contributions

Interim Actuarial Report Dated 11/1/2011
With Full Funding Requirements (no-phase in period for OPEB)

City of Dover Interim Actuarial Valuation for Fiscal Year Ending June 30, 2012 Report Completed November 2011				
	General Pension	Police Pension	Full Funding OPEB	Total
General Fund				
Actuarial Accrued Liability (AAL)	$28,078,000	$19,737,000	$60,502,000	$108,317,000
Actuarial Value of Assets	$11,272,424	$11,553,751	$3,384,884	$26,211,059
Funded Ratio	40.1%	58.5%	5.6%	24.2%
Annual Required Contribution (ARC)	$1,686,462	$979,132	$6,002,522	$8,668,116
ARC as % of payroll (est.)	28.5%	n/a	31.1%	n/a
Water/Wastewater Fund				
Actuarial Accrued Liability (AAL)	$4,357,000		$5,389,000	$9,746,000
Actuarial Value of Assets	$1,749,197		$619,826	$2,369,023
Funded Ratio	40.1%		11.5%	24.3%
Annual Required Contribution (ARC)	$257,039		$476,203	$733,242
ARC as % of payroll	41.8%		31.7%	n/a
Electric Fund				
Actuarial Accrued Liability (AAL)	$21,051,000		$17,550,000	$38,601,000
Actuarial Value of Assets	$8,451,307		$3,043,277	$11,494,584
Funded Ratio	40.1%		17.3%	29.8%
Annual Required Contribution (ARC)	$1,186,521		$1,174,654	$2,361,175
ARC as % of payroll	60.8%		38.6%	n/a
Total				
Actuarial Accrued Liability (AAL)	$53,486,000	$19,737,000	$83,441,000	$156,664,000
Actuarial Value of Assets	$21,472,928	$11,553,751	$7,047,987	$40,074,666
Funded Ratio	40.1%	58.5%	8.4%	25.6%
Annual Required Contribution (ARC)	$3,130,022	$979,132	$7,653,379	$11,762,533
ARC as % of payroll	39.1%	n/a	32.3%	n/a

City of Dover
Actuarial Funding Differences for FY12
Report Completed November 2011

	General Pension	Police Pension	Full Funding OPEB	GAAP Total	Phase In OPEB
General Fund					
Annual Required Contribution (ARC)	$1,686,462	$979,132	$6,002,522	$8,668,116	$2,718,864
Employer Contributions FY12	(1,666,704)	(656,772)	(2,534,572)	(4,858,048)	(2,534,572)
Net (Asset)/Obligation	$19,758	$322,360	$3,467,950	$3,810,068	$184,292
Water/Wastewater Fund					
Annual Required Contribution (ARC)	$257,039		$476,203	$733,242	$260,378
Employer Contributions FY12	(272,379)		(635,227)	(907,606)	(635,227)
Net (Asset)/Obligation	($15,340)		($159,024)	($174,364)	($374,849)
Electric Fund					
Annual Required Contribution (ARC)	$1,186,521		$1,174,654	$2,361,175	$781,353
Employer Contributions FY12	(1,203,851)		(2,475,512)	(3,679,363)	(2,475,512)
Net (Asset)/Obligation	($17,330)		($1,300,858)	($1,318,188)	($1,694,159)
Total					
Annual Required Contribution (ARC)	$3,130,022	$979,132	$7,653,379	$11,762,533	$3,760,595
Employer Contributions FY12	(3,142,934)	(656,772)	(5,645,311)	(9,445,017)	(5,645,311)
Net (Asset)/Obligation	($12,912)	$322,360	$2,008,068	$2,317,516	($1,884,716)